Government of Canada Gouvernement du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

2016

Volume I

Summary Report and Consolidated Financial Statements

Canada

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Errata

Subsequent to the tabling of the *Public Accounts of Canada*, corrections were made in Volume I, Section 6, Public sector pensions, page 6.36. The revised information is highlighted.

To His Excellency

The Right Honourable David Johnston,
C.C., C.M.M., C.O.M., C.D.,
Governor General and
Commander-in-Chief of Canada

May it please your Excellency:

I have the honour to present to Your Excellency the *Public Accounts of Canada* for the year ended March 31, 2016.

All of which is respectfully submitted.

Scott Brison, P.C., M.P.
President of the Treasury Board

Ottawa, October 24, 2016

To The Honourable Scott Brison, P.C., M.P.
President of the Treasury Board

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts of Canada* for the year ended March 31, 2016, to be laid by you before the House of Commons.

Respectfully submitted,

Judy M. Foote, P.C., M.P.
Receiver General for Canada

Ottawa, October 24, 2016

To The Honourable Judy M. Foote, P.C., M.P.
Receiver General for Canada

Madam:

I have the honour to submit the *Public Accounts of Canada* for the year ended March 31, 2016.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts of Canada* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I — The consolidated financial statements of Canada on which the Auditor General has expressed an opinion and provided his observations; a discussion and analysis of the consolidated financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II — Details of the financial operations of the Government, segregated by ministry; and

Volume III — Additional information and analyses

Respectfully submitted,

Marie Lemay
Deputy Receiver General for Canada

Ottawa, October 24, 2016

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Volume I

2015–2016

Public Accounts of Canada

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Introduction to the *Public Accounts of Canada*

Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General; and
- the detailed records, maintained by departments and agencies.

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in three volumes:

Volume I presents the audited consolidated financial statements of the Government, as well as additional financial information and analyses;

Volume II presents the financial operations of the Government, segregated by ministry; and

Volume III presents supplementary information and analyses.

Section 1

2015–2016

Public Accounts of Canada

Financial statements discussion and analysis

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Note to reader

An overview of the financial operations of the Government of Canada is provided in the ***Annual Financial Report*** prepared by the Department of Finance. This Report also includes condensed consolidated financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The ***Annual Financial Report*** is available on the web at www.fin.gc.ca/purl/afr-eng.asp.

Financial statements discussion and analysis

Introduction

The *Public Accounts of Canada* is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the *Public Accounts of Canada*, provides detailed supplementary information in respect of matters reported in the audited consolidated financial statements in Section 2 of this volume. Supplementary discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada – Fiscal Year 2015–2016*, available on the Department of Finance Canada's website.

The consolidated financial statements have been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the consolidated financial statements rests with the Government. A glossary of terms used in this financial statements discussion and analysis is provided at the end of this section.

2015–2016 financial highlights

- The Government posted a budgetary deficit of $1.0 billion for the fiscal year ended March 31, 2016, compared to a budgetary surplus of $1.9 billion in 2014–2015.
- Revenues increased by $13.1 billion, or 4.6 per cent, from 2014–2015, largely reflecting growth in income tax revenues and other taxes and duties. Program expenses increased by $17.0 billion, or 6.7 per cent, reflecting increases in major transfers to persons and other levels of government and other program expenses. Public debt charges were down $1.0 billion, or 3.8 per cent, due to a lower average effective interest rate on the stock of interest-bearing debt.
- The accumulated deficit (the difference between total liabilities and total assets) stood at $616.0 billion at March 31, 2016. The accumulated deficit-to-GDP (gross domestic product) ratio was 31.1 per cent, up slightly from the previous year.
- As reported by the International Monetary Fund (IMF), Canada's total government net debt-to-GDP ratio, which includes the net debt of the federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan, stood at 26.7 per cent in 2015. This is the lowest level among Group of Seven (G7) countries, which the IMF expects will record an average net debt of 83.0 per cent of GDP for the same year.

Discussion and analysis

Economic developments[1]

The performance of the world economy was disappointing in 2015, as global growth slowed to its weakest pace since the 2008–2009 Great Recession. Slowing economic activity in emerging markets weighed on global demand and maintained downward pressure on commodity prices, particularly oil prices. In the first quarter of 2016, momentum in the global economy remained weak, dampened by an ongoing slowdown in China, while the price of crude oil reached its lowest level since 2002 and volatility spiked in financial markets.

For Canada, as a producer and net exporter of crude oil, persistent weak global demand and low oil prices throughout 2015 and early in 2016 had negative implications for the economy. In particular, the oil and gas sector is estimated to have cut capital spending by between 30 and 40 per cent in 2015 to consolidate profit margins, in addition to significant personnel reductions made during the year. In the non-energy sector, economic activity grew at a fairly strong pace in 2015, although at a slower pace than in 2014. Overall, real GDP growth in Canada declined from 2.5 per cent in 2014 to 1.1 per cent in 2015, the slowest pace since the Great Recession.

At the same time, nominal GDP, the broadest measure of the tax base, grew by just 0.5 per cent in 2015, the slowest growth since 1981 excluding the Great Recession[2]. This reflected the additional impact of lower oil prices on Canada's terms of trade—the prices of Canadian exports relative to Canadian imports. Both real and nominal GDP growth in 2015 were significantly lower than anticipated in Budget 2015.

In response to weak economic conditions, short- and long-term interest rates remained at historically low levels in 2015. The Bank of Canada cut its target for the overnight rate twice in 2015, from 1.0 per cent to 0.75 per cent in January and to 0.5 per cent in July. As a result, interest rates for 2015 came in slightly below Budget 2015 projections.

The unemployment rate was 6.9 per cent in both 2014 and 2015. In line with slower GDP growth and job creation, the unemployment rate for 2015 came in slightly higher than expected at the time of Budget 2015.

Reflecting lower commodity prices, consumer price index (CPI) inflation slowed from 1.9 per cent in 2014 to 1.1 per cent in 2015. While the 2015 CPI inflation rate was below the mid-point of the Bank of Canada's target range, it was slightly higher than projected in Budget 2015.

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[1] This section incorporates data available up to and including August 23, 2016.

[2] Or since the availability of published Canadian Income and Expenditure Accounts data.

Average private sector forecasts

(in percentage)

	2014	2015	2016	2017
Real GDP growth				
Budget 2015[1]	2.5	2.1	2.2	2.3
Budget 2016	2.5	1.1	1.4	2.2
Actual	2.5	1.1	–	–
Nominal GDP growth				
Budget 2015[1]	4.3	1.8	4.9	4.7
Budget 2016	4.3	0.5	2.3	4.6
Actual	4.3	0.5	–	–
3-month Treasury bill rate				
Budget 2015[1]	0.9	0.6	1.0	2.0
Budget 2016	0.9	0.5	0.5	0.7
Actual	0.9	0.5	–	–
10-year government bond rate				
Budget 2015[1]	2.2	1.7	2.5	3.2
Budget 2016	2.2	1.5	1.6	2.3
Actual	2.2	1.5	–	–
Unemployment rate				
Budget 2015[1]	6.9	6.7	6.6	6.3
Budget 2016	6.9	6.9	7.1	6.9
Actual	6.9	6.9	–	–
Consumer price index inflation				
Budget 2015[1]	1.9	0.9	2.2	2.0
Budget 2016	1.9	1.1	1.6	2.0
Actual	1.9	1.1	–	–

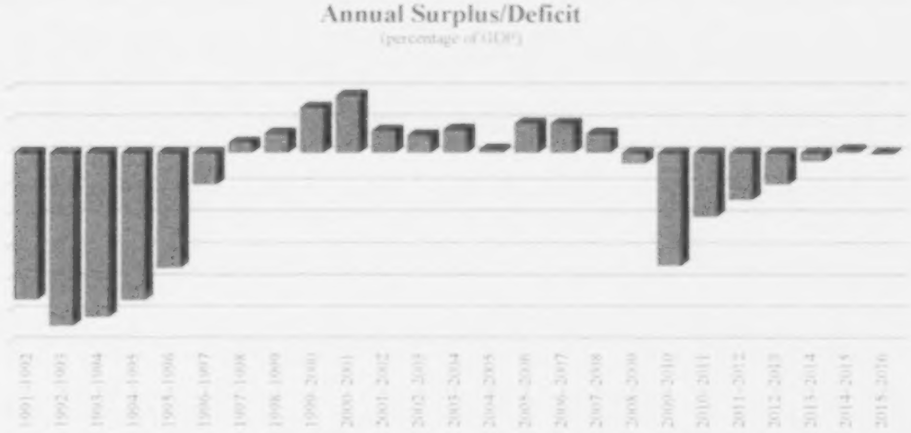
Budget 2016 figures have been restated due to historical revisions to the Canadian System of National Accounts from Statistics Canada.

[1] Figures as they appear in Budget 2016.

The budgetary balance

The Government posted a budgetary deficit of $1.0 billion in 2015–2016, compared to a surplus of $1.9 billion in 2014–2015.

The following graph shows the Government's budgetary balance since 1991–1992. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are presented as a percentage of GDP. In 2015–2016, the budgetary deficit was 0.0 per cent of GDP, compared to a surplus of 0.1 per cent of GDP a year earlier.



Revenues were up $13.1 billion, or 4.6 per cent, from the prior year, largely reflecting increases in income tax revenues and other taxes and duties.

Expenses were up $16.0 billion, or 5.7 per cent, from the prior year. Program expenses increased by $17.0 billion, reflecting increases in major transfers to persons and other levels of government and other program expenses. Public debt charges decreased by $1.0 billion, or 3.8 per cent, from the prior year, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

2015–2016 financial highlights

(in millions of dollars)

	2015–2016	2014–2015
Consolidated Statement of Operations		
Revenues	295,453	282,346
Expenses		
Program expenses	270,845	253,841
Public debt charges	25,595	26,594
Total expenses	296,440	280,435
Annual (deficit) surplus	***(987)***	***1,911***
Percentage of GDP	*0.0%*	*0.1%*
Consolidated Statement of Financial Position		
Liabilities		
Interest-bearing debt	931,721	899,986
Other	127,853	123,631
Total liabilities	1,059,574	1,023,617
Financial assets	365,823	336,658
Net debt	***693,751***	***686,959***
Non-financial assets	77,765	74,629
Accumulated deficit	***615,986***	***612,330***
Percentage of GDP	*31.1%*	*31.0%*

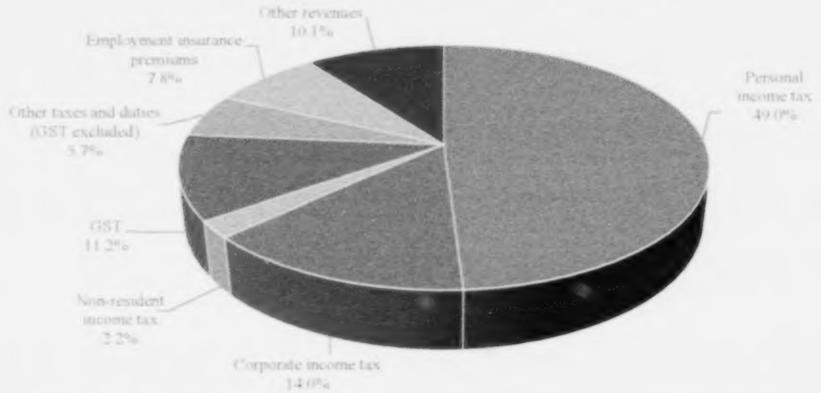
Revenues

Federal revenues can be broken down into four main categories: income tax revenues, other taxes and duties, Employment Insurance (EI) premium revenues and other revenues. Within the income tax revenue category, personal income tax revenues are the largest source of federal revenues, and accounted for 49.0 per cent of total revenues in 2015–2016 (up from 48.1 per cent in 2014–2015). Corporate income tax revenues are the second largest source of revenues, and accounted for 14.0 per cent of total revenues in 2015–2016 (the same percentage as in 2014–2015). Non-resident income tax revenues are a comparatively smaller source of revenues, accounting for only 2.2 per cent of total revenues in 2015–2016 (unchanged from 2014–2015).

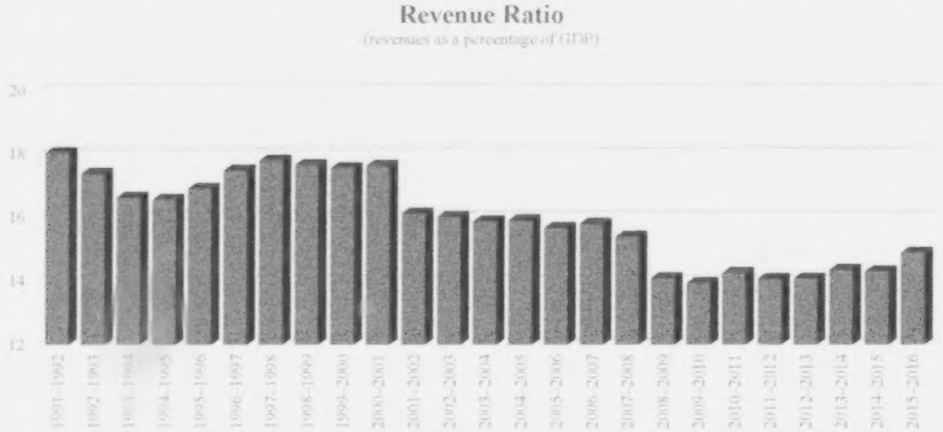
Other taxes and duties consist of revenues from the Goods and Services Tax (GST), energy taxes, customs import duties and other excise taxes and duties. The largest component of this category—GST revenues—accounted for 11.2 per cent of all federal revenues in 2015–2016 (up from 11.1 per cent in 2014–2015). The share of the remaining components was at 5.7 per cent of total federal revenues in 2015–2016 (up from 5.6 per cent in 2014–2015).

The last two categories of federal revenues are EI premium revenues and other revenues. EI premium revenues accounted for 7.8 per cent of total federal revenues in 2015–2016 (down from 8.0 per cent in 2014–2015). Other revenues are made up of three broad components: Crown corporation revenues from consolidated Crown corporations and net income from enterprise Crown corporations; other program revenues from returns on investments, revenues from the sales of goods and services, and other miscellaneous revenues; and foreign exchange revenues. Other revenues accounted for 10.1 per cent of total federal revenues in 2015–2016 (down from 11.0 per cent in 2014–2015).

Composition of Revenues for 2015–2016



The revenue ratio—revenues as a percentage of GDP—compares the total of all federal revenues to the size of the economy. This ratio is influenced by changes in statutory tax rates and by economic developments. The ratio stood at 14.9 per cent in 2015–2016 (up from 14.3 per cent in 2014–2015). This increase was attributable in part to strong growth in the Government's major tax revenue streams (personal income tax, corporate income tax and GST revenues). Overall, the revenue ratio has declined since 2001–2002, due primarily to tax reduction measures.


Revenue Ratio

(revenues as a percentage of GDP)

Revenues compared to 2014–2015

The following table compares revenues for 2015–2016 to 2014–2015.

Revenues

(in millions of dollars)

	2015–2016	2014–2015	Change $	Change %
Income tax revenues				
Personal	144,897	135,743	9,154	6.7
Corporate	41,444	39,447	1,997	5.1
Non-resident	6,505	6,216	289	4.6
Total	**192,846**	**181,406**	**11,440**	**6.3**
Other taxes and duties				
Goods and services tax	32,952	31,349	1,603	5.1
Energy taxes	5,565	5,528	37	0.7
Customs import duties	5,372	4,581	791	17.3
Other excise taxes and duties	5,916	5,724	192	3.4
Total	**49,805**	**47,182**	**2,623**	**5.6**
Employment insurance premiums	**23,070**	**22,564**	**506**	**2.2**
Other revenues	**29,732**	**31,194**	**(1,462)**	**(4.7)**
Total revenues	**295,453**	**282,346**	**13,107**	**4.6**

Total revenues increased by $13.1 billion in 2015–2016, reflecting growth in all revenue streams except other revenues.

Personal income tax revenues increased by $9.2 billion, or 6.7 per cent, reflecting gains in personal income and tax planning by high-income individuals to recognize income in the 2015 tax year before the new 33 per cent tax rate came into effect in 2016.

Corporate income tax revenues increased by $2.0 billion, or 5.1 per cent, as weakness in the resource sector was more than offset by growth in corporate taxable income in other sectors of the economy.

Non-resident income tax revenues increased by $0.3 billion, or 4.6 per cent, reflecting growth in corporate earnings.

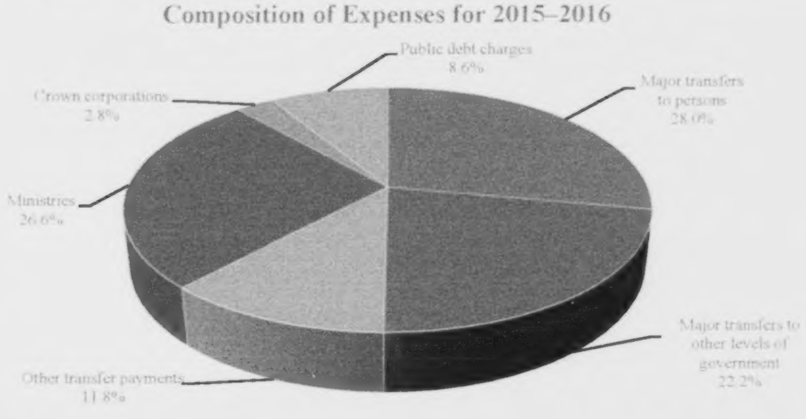
Other taxes and duties increased by $2.6 billion, or 5.6 per cent. GST revenues grew by $1.6 billion in 2015–2016, or 5.1 per cent. Energy taxes grew by $37 million, or 0.7 per cent. Customs import duties increased by $0.8 billion, or 17.3 per cent, reflecting strong import growth and the removal of benefits for certain countries under Canada's General Preferential Tariff regime, effective January 1, 2015. Other excise taxes and duties were up $0.2 billion or 3.4 per cent.

EI premium revenues increased by $0.5 billion, or 2.2 per cent, reflecting growth in insurable earnings.

Other revenues decreased by $1.5 billion, or 4.7 per cent, in 2015–2016, due in large part to lower Crown corporation revenues, including decreases in the net income of Canada Mortgage and Housing Corporation (CMHC), Export Development Canada and Farm Credit Canada, which reflect, in part, the fact that revenues in the previous year were elevated due to one-time events (e.g., gains on the sale of investments within CMHC's mortgage loan insurance investment portfolio). These decreases more than offset the $2.1-billion gain recorded in 2015–2016 on the sale of the Government's remaining holdings of General Motors common shares.

Expenses

Federal expenses can be broken down into three main categories: transfer payments, which account for over half of all federal spending, other program expenses and public debt charges. Within these three main categories, the largest major component of expenses in 2015–2016 was major transfers to persons, which made up 28.0 per cent of total expenses. This category consists of elderly benefits, EI benefits, the Canada Child Tax Benefit and the Universal Child Care Benefit. The second largest component of expenses was ministries expenses, which accounted for 26.6 per cent of total expenses. Ministries expenses represent the operating expenses of more than 100 government departments and agencies, including National Defence. Major transfers to other levels of government—which include the Canada Health Transfer, the Canada Social Transfer, fiscal arrangements (Equalization, transfers to the territories, a number of smaller transfer programs and the Quebec Abatement), transfers to provinces on behalf of Canada's cities and communities, and other transfers—made up 22.2 per cent of total expenses in 2015–2016. Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and foreign aid, made up 11.8 per cent of expenses. Crown corporations accounted for 2.8 per cent of total expenses, while public debt charges made up the remaining 8.6 per cent of total expenses in 2015–2016.

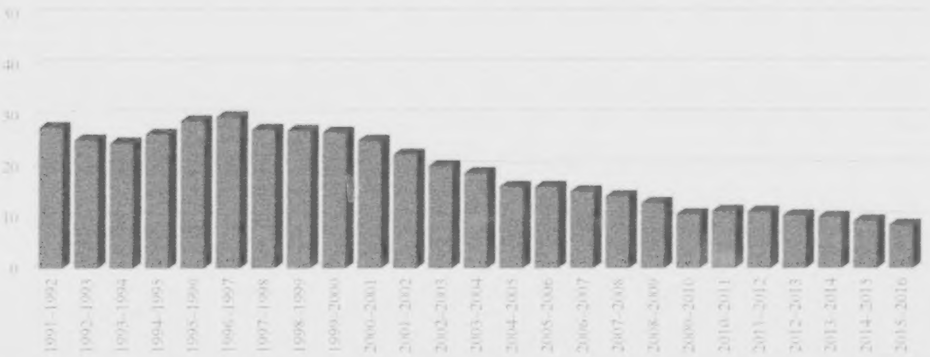


Composition of Expenses for 2015–2016

There has been a large shift in the composition of total expenses since the early 1990s. Public debt charges were the largest component for most of the 1990s, given the large and increasing stock of interest-bearing debt and high average effective interest rates on that stock of debt. Since reaching a high of nearly 30 per cent of total expenses in 1996–1997, the share of public debt charges in total expenses has fallen by more than two-thirds.

Public Debt Charges

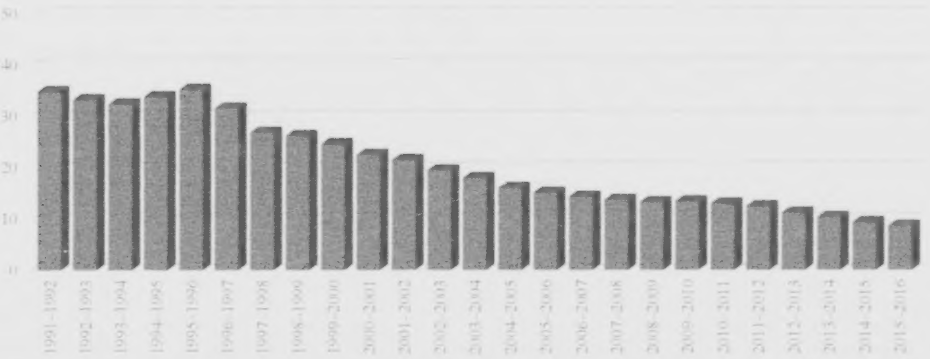
(public debt charges as a percentage of total expenses)



The interest ratio (public debt charges as a percentage of revenues) has been decreasing in recent years, falling from a peak of 37.6 per cent in 1990–1991 to 9.4 per cent in 2014–2015. The ratio continued to fall in 2015–2016, reaching 8.7 per cent. This means that, in 2015–2016, the Government spent approximately 9 cents of every revenue dollar on interest on public debt.

Interest Ratio

(public debt charges as a percentage of revenues)



Expenses compared to 2014–2015

Total expenses amounted to $296.4 billion in 2015–2016, up $16.0 billion, or 5.7 per cent, from 2014–2015.

The following table compares total expenses for 2015–2016 to 2014–2015.

Expenses

(in millions of dollars)

			Change	
	2015–2016	2014–2015	$	%
Transfer payments				
Major transfers to persons				
Elderly benefits[1]	45,461	44,103	1,358	3.1
Employment insurance benefits	19,419	18,052	1,367	7.6
Children's benefits	18,025	14,303	3,722	26.0
Total	**82,905**	**76,458**	**6,447**	**8.4**
Major transfers to other levels of government				
Federal transfer support for health and other social programs	46,984	44,696	2,288	5.1
Fiscal arrangements and other transfers	18,866	18,413	453	2.5
Total	**65,850**	**63,109**	**2,741**	**4.3**
Other transfer payments	34,874	35,126	(252)	(0.7)
Total transfer payments	**183,629**	**174,693**	**8,936**	**5.1**
Other program expenses				
Crown corporations	8,358	7,590	768	10.1
Ministries	78,858	71,558	7,300	10.2
Total other program expenses	**87,216**	**79,148**	**8,068**	**10.2**
Program expenses	**270,845**	**253,841**	**17,004**	**6.7**
Public debt charges	**25,595**	**26,594**	**(999)**	**(3.8)**
Total expenses	**296,440**	**280,435**	**16,005**	**5.7**

[1] Elderly benefits consist of old age security benefits, guaranteed income supplement and spouse's allowance.

Major transfers to persons increased by $6.4 billion in 2015–2016, reflecting increases in elderly, children's and EI benefits. Elderly benefits increased by $1.4 billion, or 3.1 per cent, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. EI benefits increased by $1.4 billion in 2015–2016, reflecting higher average regular benefits due to a worsening in labour market conditions.

Children's benefits, which consisted of the Canada Child Tax Benefit and the Universal Child Care Benefit, increased by $3.7 billion, or 26.0 per cent, due mainly to the expansion and enhancement of the Universal Child Care Benefit in 2015.

Major transfers to other levels of government increased by $2.7 billion in 2015–2016, primarily reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.

Other transfer payments decreased by $0.3 billion, or 0.7 per cent, in 2015–2016.

Other program expenses increased from $79.1 billion in 2014–2015 to $87.2 billion in 2015–2016, up $8.1 billion, or 10.2 per cent. Within other program expenses, Crown corporation expenses increased by $0.8 billion, or 10.1 per cent, due in large part to an increase in commercial trading transactions of the Canadian Commercial Corporation. Ministries expenses increased by $7.3 billion, or 10.2 per cent, to $78.9 billion. This increase is largely attributable to a $5.5-billion increase in pension and other future benefit costs, including the impact of amendments to veterans future benefits, based on the Government's latest actuarial valuations, as well as an increase in operating expenses of National Defence and a one-time expense recorded in 2015-2016 related to the write-down of taxes receivable.

Public debt charges decreased by $1.0 billion, or 3.8 per cent, reflecting a lower average effective interest rate on the stock of interest-bearing debt.

Comparison of actual results to budget projections

Comparison to March 2016 budget plan

The $1.0-billion deficit recorded in 2015–2016 represents a $4.5-billion improvement over the $5.4-billion deficit projected in the March 2016 budget. Revenues were $4.2 billion (1.5 per cent) higher than expected, primarily reflecting better-than-expected personal and corporate income tax revenues.

Program expenses and public debt charges were each $0.1 billion lower than forecast.

Comparison of 2015–2016 outcomes to March 2016 budget

(in millions of dollars)

	Projection	Actual	Difference
Revenues	291,208	295,453	4,245
Expenses			
Program expenses	270,933	270,845	(88)
Public debt charges	25,713	25,595	(118)
Total expenses	296,646	296,440	(206)
Annual deficit	**(5,438)**	**(987)**	**4,451**

Comparison to April 2015 budget plan

The 2015–2016 budgetary deficit of $1.0 billion represents a $2.4 billion deterioration relative to the $1.4-billion surplus projected for 2015–2016 in the April 2015 budget. This deterioration is due to higher-than-forecast expenses exceeding higher-than-forecast revenues.

Revenues were $5.2 billion, or 1.8 per cent, higher than forecast in the April 2015 budget, primarily reflecting stronger-than-expected growth in income tax revenues and other taxes and duties. These gains were partially offset by other revenues which were $2.0 billion lower than projected.

Total expenses were $7.5 billion higher than projected in the April 2015 budget, with program expenses $7.6 billion higher than forecast and public debt charges $0.1 billion lower than forecast.

Major transfers to persons were $0.9 billion higher than forecast, largely due to higher-than-expected EI benefits, reflecting a worsening in labour market conditions.

Major transfers to other levels of government were $0.4 billion higher than forecast, largely reflecting advance fiscal stabilization payments to the provinces of Alberta and Newfoundland and Labrador made in 2015–2016 that were not anticipated at the time of Budget 2015.

Direct program expenses, which are comprised of other transfer payments, Crown corporation expenses and ministries expenses, were $6.3 billion higher than projected in the April 2015 budget. Higher-than-expected direct program expenses were largely due to higher ministries expenses, in particular pension and other future benefit costs, reflecting financial support for veterans announced in Budget 2016, as well as a reduction in the long-term interest rates used for valuing pension and other future benefits, which caused more of the costs to be recognized in the near term rather than the future.

Public debt charges in 2015–2016 were $0.1 billion lower than forecast in the April 2015 budget, largely reflecting a lower-than-expected average effective interest rate on the stock of interest-bearing debt.

Comparison of 2015–2016 outcomes to April 2015 budget

(in millions of dollars)

	Budget	Actual	Difference
Revenues			
Income tax revenues	186,396	192,846	6,450
Other taxes and duties	49,023	49,805	782
Employment insurance premiums	23,125	23,070	(55)
Other revenues	31,742	29,732	(2,010)
Total revenues	**290,286**	**295,453**	**5,167**
Expenses			
Program expenses			
Major transfers to persons	82,012	82,905	893
Major transfers to other levels of government	65,436	65,850	414
Other transfer payments	33,987	34,874	887
Other program expenses	81,777	87,216	5,439
Total program expenses	**263,212**	**270,845**	**7,633**
Public debt charges	**25,704**	**25,595**	**(109)**
Total expenses	**288,916**	**296,440**	**7,524**
Annual surplus (deficit)	**1,370**	**(987)**	**(2,357)**

Accumulated deficit

The accumulated deficit is the difference between the Government's total liabilities and total assets. The annual change in the accumulated deficit represents the annual budgetary balance plus other comprehensive income or loss. Other comprehensive income or loss is comprised of certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises. Based on the recommendations of the Public Sector Accounting Board, other comprehensive income or loss is not included in the Government's annual budgetary balance, but is instead recorded directly to the Government's Consolidated Statement of Accumulated Deficit and Consolidated Statement of Change in Net Debt.

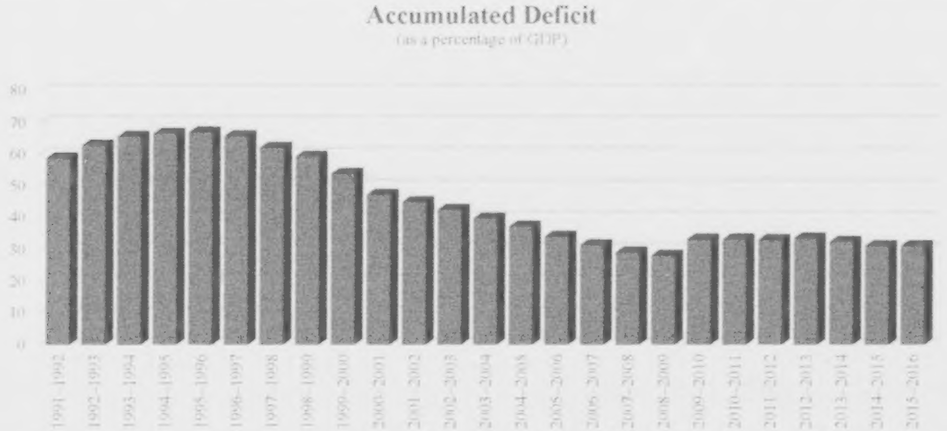
Accumulated deficit

(in millions of dollars)

	2015–2016	2014–2015	Difference
Accumulated deficit at beginning of year	**612,330**	**611,881**	**449**
Annual deficit (surplus)	987	(1,911)	2,898
Other comprehensive loss	2,669	2,360	309
Accumulated deficit at end of year	**615,986**	**612,330**	**3,656**

The accumulated deficit increased by $3.7 billion in 2015–2016, reflecting the $1.0-billion budgetary deficit and a $2.7-billion other comprehensive loss. The $2.7-billion other comprehensive loss reflects $2.6 billion in net unrealized losses on available-for-sale financial instruments and $0.1 billion in net actuarial losses on pension and other employee future benefits recorded by enterprise Crown corporations and other government business enterprises.

As a percentage of GDP, the accumulated deficit has fallen from a post-World War II peak of 66.8 per cent at March 31, 1996 to 31.1 per cent at March 31, 2016.



Accumulated Deficit

(as a percentage of GDP)

As noted above, the accumulated deficit is the difference between the Government's total liabilities and total assets. Total liabilities include interest-bearing debt and accounts payable and accrued liabilities. Total assets include both financial and non-financial assets, the latter consisting primarily of tangible capital assets. The following sections provide more details on each of these components.

Statement of financial position

(in millions of dollars)

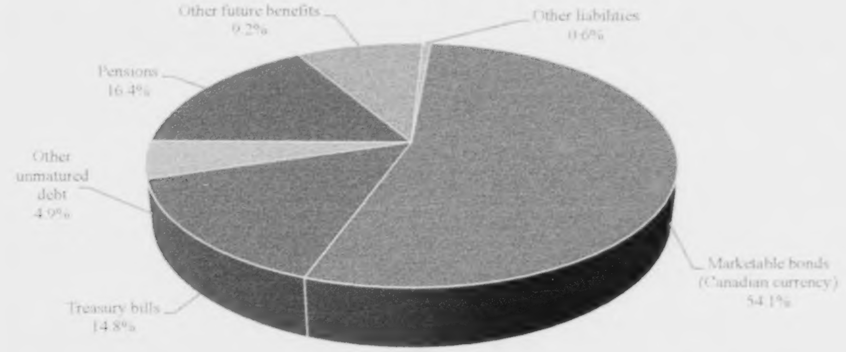
	2015–2016	2014–2015	Difference
Liabilities			
Accounts payable and accrued liabilities	127,853	123,631	4,222
Interest-bearing debt			
Unmatured debt	688,211	665,180	23,031
Pensions and other future benefits	237,908	228,804	9,104
Other liabilities	5,602	6,002	(400)
Total	931,721	899,986	31,735
Total liabilities	**1,059,574**	**1,023,617**	**35,957**
Financial assets			
Cash and accounts receivable	154,688	136,696	17,992
Foreign exchange accounts	93,539	85,018	8,521
Loans, investments and advances	115,957	113,681	2,276
Public sector pension assets	1,639	1,263	376
Total financial assets	**365,823**	**336,658**	**29,165**
Net debt	***693,751***	***686,959***	***6,792***
Non-financial assets	**77,765**	**74,629**	**3,136**
Accumulated deficit	***615,986***	***612,330***	***3,656***

Interest-bearing debt

Interest-bearing debt includes unmatured debt, or debt issued on the credit markets, pension and other future benefit liabilities, and other liabilities. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign-currency-denominated debt, and obligations related to capital leases, amounted to 73.8 per cent of interest-bearing debt at March 31, 2016. Pension and other future benefit liabilities include obligations for: public sector pensions sponsored by the Government; disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants; health care and dental benefits available to retired employees and their dependants; accumulated sick leave entitlements; severance benefits; workers' compensation benefits; and other future benefits sponsored by some consolidated Crown corporations and other entities. Liabilities for public sector pensions made up 16.4 per cent of interest-bearing debt and other employee and veteran future benefits accounted for an additional 9.2 per cent of interest-bearing debt. The remaining 0.6 per cent of interest-bearing debt represents other interest-bearing liabilities of the Government, which include deposit and trust accounts and other specified purpose accounts.

The share of total interest-bearing debt represented by unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2008–2009 due to the increase in financial requirements stemming from the recession and stimulus measures introduced to mitigate its impacts, as well as an increase in borrowings under the consolidated borrowing framework introduced in 2008. Under the consolidated borrowing framework, the Government finances all of the borrowing needs of Canada Mortgage and Housing Corporation, the Business Development Bank of Canada and Farm Credit Canada through direct lending in order to reduce overall borrowing costs and improve the liquidity of the government securities market.

Interest-Bearing Debt by Category for 2015–2016

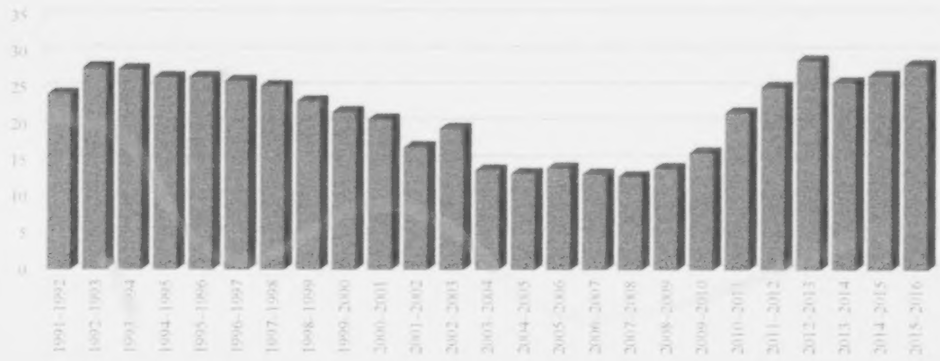


At March 31, 2016, interest-bearing debt totalled $931.7 billion, up $31.7 billion from March 31, 2015. Within interest-bearing debt, unmatured debt increased by $23.0 billion, liabilities for pensions decreased by $0.4 billion, liabilities for other employee and veteran future benefits increased by $9.5 billion, and other liabilities decreased by $0.4 billion.

The $23.0-billion increase in unmatured debt largely reflects a $20.2-billion increase in market debt, mainly in marketable bonds and treasury bills, required to meet the financial needs of the Government. The remaining increase was due in large part to a $1.7-billion increase in the value of cross-currency swaps due to exchange rate movements and a $0.8-billion increase in unamortized discounts and premiums on market debt.

The Bank of Canada and the Department of Finance Canada manage the Government's unmatured debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low-cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance Canada's *Debt Management Strategy*.

Foreign holdings of the Government's unmatured debt are estimated at $198.8 billion, representing approximately 28.9 per cent of the Government's total unmatured debt.



Foreign Holdings of Government of Canada Unmatured Debt

(as a percentage of unmatured debt)

The Government's liabilities for pensions and other future benefits stood at $237.9 billion at March 31, 2016, up $9.1 billion from the prior year. These liabilities represent the estimated present value of pensions and other future benefits earned to March 31, 2016 by current and former employees, as measured annually on an actuarial basis, net of the value of assets set aside for funding purposes. Liabilities for pensions and other future benefits do not include benefits payable under the Canada Pension Plan (CPP). The CPP is not consolidated in the Government's financial statements because changes to the CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government. Further information regarding the CPP can be found in Section 6 of this volume.

The following table illustrates the change in the Government's liabilities for pensions and other future benefits, net of public sector pension assets, in 2015–2016.

Net future benefit liabilities

(in millions of dollars)

	Pensions	Other future benefits	Total
Net future benefit liabilities at beginning of year	**151,401**	**76,140**	**227,541**
Add:			
Benefits earned during the year	6,807	4,452	11,259
Interest on accrued benefit obligations, net of the expected return on investments	7,294	2,549	9,843
Net actuarial losses recognized during the year	1,143	3,454	4,597
Plan amendments, curtailments and settlements[1]	2	3,772	3,774
	15,246	14,227	29,473
Deduct:			
Benefits paid by employer during the year	10,974	4,615	15,589
Transfers to the PSPIB and external trusts[2]	4,206	1	4,207
Transfers to other plans and administrative expenses	879	70	949
	16,059	4,686	20,745
Net (decrease) or increase	**(813)**	**9,541**	**8,728**
Net future benefit liabilities at end of year	**150,588**	**85,681**	**236,269**
Presented on the Consolidated Statement of Financial Position as:			
Public sector pension liabilities			152,227
Other employee and veteran future benefit liabilities			85,681
Total pension and other future benefit liabilities			237,908
Public sector pension assets			1,639
Net future benefit liabilities			**236,269**

[1] Amounts shown include actuarial gains and losses recognized immediately upon plan amendments, settlements and curtailments.

[2] With respect to the Government's funded pension benefits, amounts equal to employer and employee contributions or Government and member contributions less benefit payments and other charges are transferred to the Public Sector Pension Investment Board (PSPIB) for investment. Funds related to pension and other future benefit plans of consolidated Crown corporations and other entities are held in legally separate external trusts.

The increase in net liabilities for pensions and other future benefits in 2015–2016 reflects the addition of $11.3 billion in future benefits earned by employees and members during the year as well as $9.8 billion in net interest charges on the liabilities. Accounting standards require that liabilities due a long time into the future be recorded at their estimated present, or discounted, value. For the Government's funded pension benefits, which relate to post-March 2000 service that falls within *Income Tax Act* limits under its three main pension plans—the public service, Canadian Forces–Regular Force, and Royal Canadian Mounted Police pension plans—as well as benefits under the Canadian Forces–Reserve Force pension plan, the discount rate is based on the streamed expected rates of return on invested funds. For benefits related to pre-April 2000 service and post-March service that falls above *Income Tax Act* limits under these main plans, as well as benefits under several smaller plans sponsored by the Government, which are unfunded, the discount rate is based on the streamed weighted average of long-term bond rates. For the Government's other future benefit plans, the discount rate reflects the expected long-term bond rate. For consolidated Crown corporations' and other entities' future benefit plans, the discount rates are based on a variety of methodologies. Interest is recorded on the accrued obligations for pensions and other future benefits each year, net of the expected return on investments associated with funded benefits, to reflect the passage of time as the liabilities are one year closer to settlement. Net interest expense is recorded as part of public debt charges while benefit expense is recorded as part of ministries expenses on the Consolidated Statement of Operations and Accumulated Deficit. Benefit and interest expenses related to consolidated Crown corporations' and other entities' future benefit plans are recorded as part of Crown corporations expense.

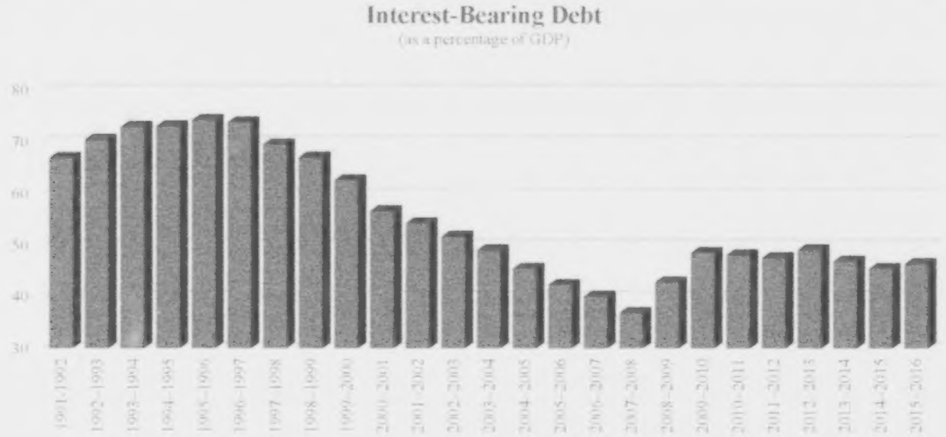
Liabilities for pensions and other future benefits increased by an additional $4.6 billion in 2015–2016 due to the amortization of actuarial gains and losses. Actuarial gains and losses represent year-over-year increases or decreases in the estimated value of pension and other future benefit obligations and the value of related assets due to changes in actuarial assumptions or actual experience different from that previously estimated. Actuarial assumptions include future inflation, interest rates, return on investments, general wage increases, workforce composition, retirement rates and mortality rates. Under Canadian public sector accounting standards, which are set independently by the Public Sector Accounting Board, actuarial gains and losses are not recognized in the liabilities immediately but instead are amortized over the expected average remaining service life of plan contributors, or for some benefits, the average remaining life expectancy of the benefit recipients, which represents periods ranging from 4 to 23 years, according to the plan in question. As of March 31, 2016, net unamortized losses amounted to $45.8 billion. These losses will be reflected over time in the liabilities and recorded as part of ministries expenses or Crown corporation expenses, as applicable.

The Government also recorded a $3.8-billion increase in liabilities for pensions and other future benefits to reflect the net impact of plan amendments, curtailments and settlements during the year. The largest of these amendments relates to improvements made to and the expansion of eligibility for certain benefits under the Government's veterans future benefit plans.

These increases were offset in part by reductions in the liabilities for benefits paid during the year ($15.6 billion) and for net transfers to the Public Sector Pension Investment Board and funds held in external trusts for investment ($4.2 billion).

Further details on public sector pensions and other employee and veteran future benefits are contained in Section 6 of this volume.

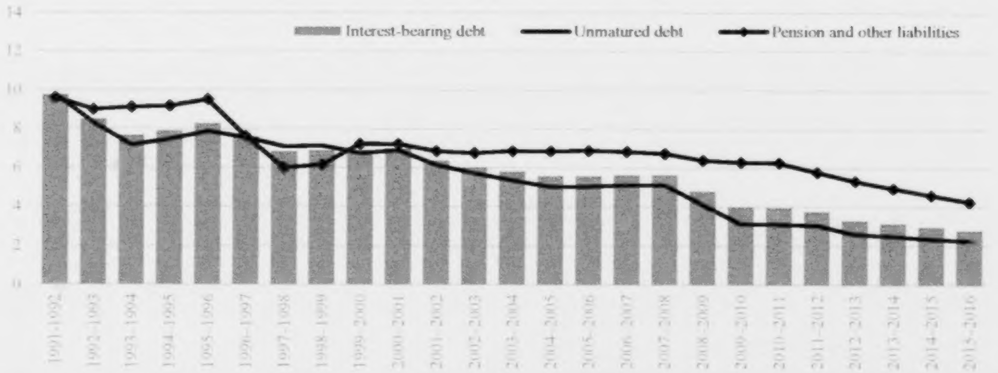
Interest-bearing debt stood at 47.0 per cent of GDP in 2015–2016 (up from 45.6 per cent in 2014–2015). This ratio is down over 27 percentage points from its high of 74.4 per cent in 1995–1996.



The average effective interest rate on the Government's interest-bearing debt in 2015–2016 was 2.8 per cent (down from 3.0 per cent in 2014–2015). The average effective interest rate on unmatured debt in 2015–2016 was 2.3 per cent, while the average effective interest rate on pension and other liabilities was 4.3 per cent. The average effective interest rate was higher on pension and other liabilities than on unmatured debt because the Government's unfunded pension liabilities are primarily credited with interest at rates that are calculated as though the amounts in the plans were invested in a notional portfolio of Government of Canada 20-year bonds held to maturity, whereas unmatured debt includes both short- and long-term securities.

Average Effective Interest Rate on Interest-Bearing Debt

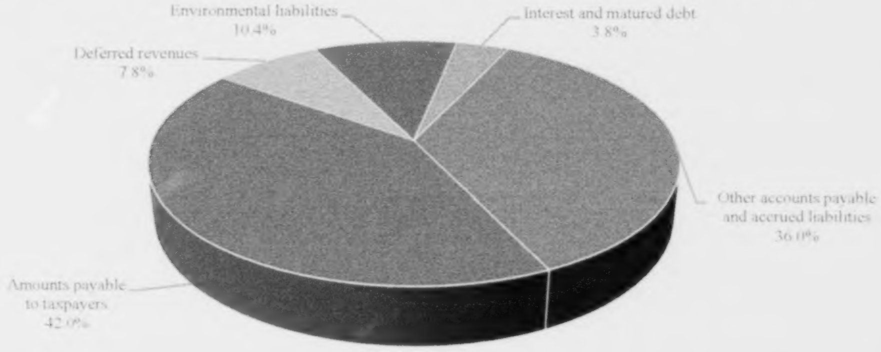
(in percentage)



Accounts payable and accrued liabilities

The following chart shows accounts payable and accrued liabilities by category for 2015–2016.

Accounts Payable and Accrued Liabilities by Category for 2015–2016



The Government's accounts payable and accrued liabilities consist of amounts payable to taxpayers based on assessments and estimates of refunds owing for tax assessments not completed by year end; environmental liabilities, which include estimated costs related to the remediation of contaminated sites and the future restoration of certain tangible capital assets; deferred revenue; interest due and matured debt, as well as accrued interest at year end; and other accounts payable and accrued liabilities. Other accounts payable and accrued liabilities include items such as accrued salaries and benefits, amounts payable to provinces, territories and Aboriginal governments for taxes collected and administered on their behalf in accordance with tax collection agreements, and amounts owing at year end pursuant to contractual arrangements or for work performed or goods received.

At March 31, 2016, accounts payable and accrued liabilities totalled $127.9 billion, up $4.2 billion from March 31, 2015. This increase is mainly due to growth in other accounts payable and accrued liabilities, environmental liabilities and deferred revenue, partially offset by decreases in amounts payable to taxpayers.

Other accounts payable and accrued liabilities increased by $5.2 billion in 2015–2016. Within this component, accrued salaries and benefits increased by $0.9 billion. Liabilities under provincial, territorial and Aboriginal tax agreements increased by $2.8 billion in 2015–2016 due to settlements of prior years' tax assessments and timing differences. Accounts payable of consolidated Crown corporations increased by $1.5 billion, largely relating to growth in progress payments from foreign customers received by the Canadian Commercial Corporation.

Deferred revenue increased by $0.8 billion in 2015–2016, largely reflecting proceeds received from spectrum licence auctions during the year, partially offset by a $0.7-billion decrease in advances from foreign customers received by the Canadian Commercial Corporation.

Environmental liabilities increased by $1.0 billion in 2015–2016, primarily reflecting an increase in estimated future costs related to the remediation of contaminated sites.

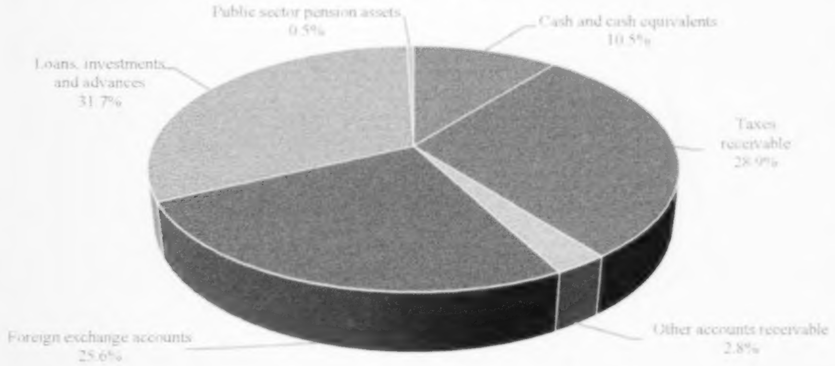
Amounts payable to taxpayers decreased by $2.5 billion in 2015–2016, from $56.2 billion at March 31, 2015 to $53.7 billion at March 31, 2016.

Liabilities for interest and matured debt decreased by $0.3 billion from the prior year, reflecting lower interest rates.

Financial assets

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, loans, investments and advances, and public sector pension assets of consolidated Crown corporations and other entities. The Government's foreign exchange accounts include foreign currency deposits, investments in gold, and subscriptions and loans to the International Monetary Fund. Proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in the foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada's Official International Reserves*. The Government's loans, investments and advances include its investments in and loans to enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.

Financial Assets by Category for 2015–2016



At March 31, 2016, financial assets amounted to $365.8 billion, up $29.2 billion from March 31, 2015. The increase in financial assets reflects increases in cash and accounts receivable, foreign exchange accounts, and loans, investments and advances.

At March 31, 2016, cash and accounts receivable totalled $154.7 billion, up $18.0 billion from March 31, 2015. Within this component, cash and cash equivalents increased by $3.6 billion. Included in the March 31, 2016 balance of cash and cash equivalents is $20 billion which has been designated as a deposit held with respect to prudential liquidity management. The Government's overall liquidity is maintained at a level sufficient to cover at least one month of net projected cash flows, including coupon payments and debt refinancing needs. Taxes receivable increased by $7.3 billion during 2015–2016 to $105.8 billion while other accounts receivable increased by $7.1 billion due mainly to collateral posted by the Government under new International Swaps and Derivatives Association agreements.

Foreign exchange accounts increased by $8.5 billion in 2015–2016, totalling $93.5 billion at March 31, 2016. The increase in foreign exchange accounts is due mainly to growth in foreign exchange reserves held in the Exchange Fund Account, primarily reflecting $4.6 billion in net additional advances to the Account during the year and $2.6 billion in foreign exchange gains. Under the Government's prudential liquidity plan, liquid foreign exchange reserves will continue to rise sufficiently to maintain their level at or above 3 per cent of GDP.

Loans, investments and advances in enterprise Crown corporations and other government business enterprises increased by $1.7 billion in 2015–2016. Net loans and advances increased by $2.1 billion due to an increase in loans to Crown corporations under the consolidated borrowing framework. Investments in enterprise Crown corporations and other government business enterprises decreased by $0.3 billion, as the $7.3 billion in net profits recorded by these entities during 2015–2016 was more than offset by $2.7 billion in other comprehensive losses and $5.0 billion in dividends paid to the Government and other equity transactions.

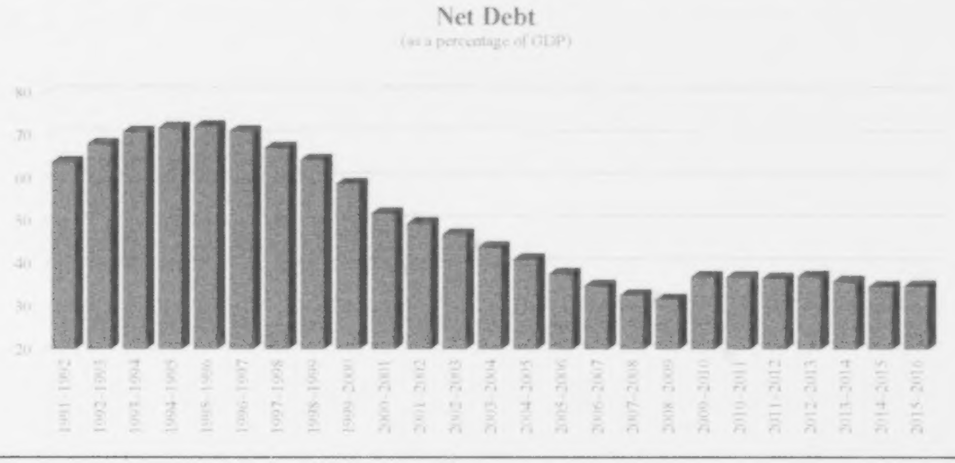
Other loans, investments and advances increased by $0.5 billion in 2015–2016, and public sector pension assets increased by $0.4 billion.

Since the accumulated deficit reached its post-World War II peak of 66.8 per cent of GDP at March 31, 1996, financial assets have increased by $273.2 billion, mainly reflecting higher levels of cash and cash equivalents and accounts receivable (up $102.1 billion), an increase in the foreign exchange accounts (up $74.5 billion), and an increase in loans, investments and advances (up $94.9 billion). The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in taxes receivable, broadly in line with the growth in the applicable tax bases. The increase in the foreign exchange accounts reflects a decision by the Government in the late 1990s and more recently in the 2011–2012 *Debt Management Strategy* to increase liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework implemented in 2008.

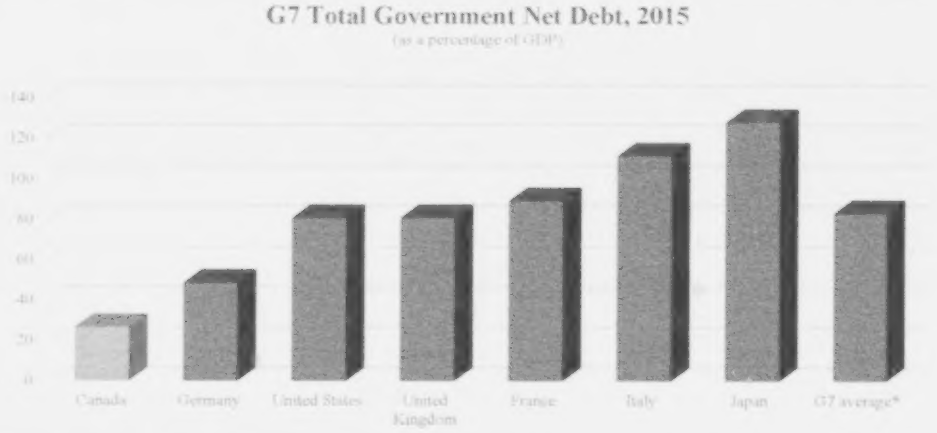
Net debt

The Government's net debt—its total liabilities less financial assets—stood at $693.8 billion at March 31, 2016. Net debt was 35.0 per cent of GDP, up 0.2 percentage points from a year earlier, and 37.2 percentage points below its peak of 72.2 per cent at March 31, 1996.

This ratio measures debt relative to the ability of the country's taxpayers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.



Canada has the lowest total government net debt burden among G7 countries



G7 Total Government Net Debt, 2015

(as a percentage of GDP)

* Weighted by GDP converted to U.S. dollars at average market exchange rates.
Source: IMF, *Fiscal Monitor* (April 2016).

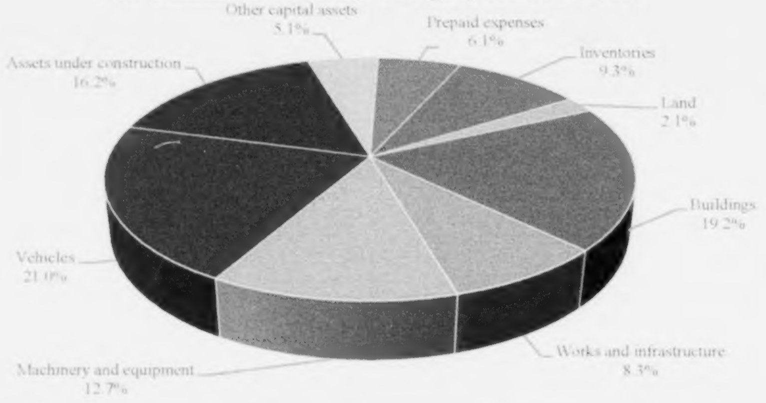
Canada's total government net debt-to-GDP ratio stood at 26.7 per cent in 2015, according to the IMF. This is the lowest level among G7 countries, which the IMF estimates will record an average net debt of 83.0 per cent of GDP in that same year.

International comparisons of net debt are made on a total government, National Accounts basis, which for Canada includes the net debt of federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan.

Non-financial assets

Non-financial assets include the net book value of the Government's tangible capital assets, which include land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non-financial assets also include inventories and prepaid expenses and other non-financial assets.

Non-Financial Assets by Category for 2015–2016

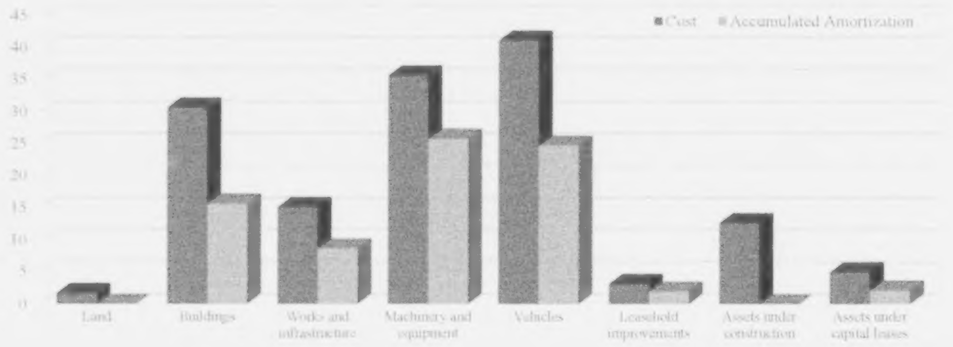


At March 31, 2016, non-financial assets stood at $77.8 billion, up $3.1 billion from a year earlier. Of this growth, $2.5 billion relates to an increase in tangible capital assets while $0.6 billion relates to an increase in other non-financial assets. This latter increase is due mainly to growth in progress payments, partially offset by decrease in advances to Canadian exporters by the Canadian Commercial Corporation.

At March 31, 2016, roughly 60 per cent of the original cost of the Government's depreciable tangible capital assets had been amortized, unchanged from a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.

Tangible Capital Asset Cost and Accumulated Amortization

(in billions of dollars)



Cash flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2015–2016, the Government had a total cash requirement of $16.4 billion before financing activities, compared to a total cash source of $3.2 billion before financing activities in 2014–2015. Operating activities resulted in a net cash requirement of $11.1 billion in 2015–2016, compared to a net cash requirement of $0.1 billion in 2014–2015. $6.6 billion of this increase relates to cash collateral pledged by the Government under new master agreements for swaps and derivatives in 2015–2016. Cash used by capital investment activities totalled $6.7 billion in 2015–2016, up from $5.9 billion in 2014–2015. Cash provided by investing activities decreased by $7.6 billion, from $9.2 billion in 2014–2015 to $1.5 billion in 2015–2016, largely reflecting the repayment in 2014–2015 of principal on assets maturing under the Insured Mortgage Purchase Program administered by Canada Mortgage and Housing Corporation.

Cash flow

(in millions of dollars)

	2015–2016	2014–2015
Cash used by operating activities	(11,132)	(103)
Cash used by capital investment activities	(6,747)	(5,850)
Cash provided by investing activities	1,528	9,156
Total cash (used) provided before financing activities	*(16,351)*	*3,203*
Cash provided by financing activities	19,922	367
Net increase in cash and cash equivalents	3,571	3,570
Cash and cash equivalents at beginning of year	34,999	31,429
Cash and cash equivalents at end of year	38,570	34,999

Financing activities generated an additional $19.9-billion source of cash in 2015–2016, resulting in an overall net increase in cash of $3.6 billion. The level of cash and cash equivalents stood at $38.6 billion at March 31, 2016.

Risks and uncertainties

As noted in the budget and related documents, the Government's revenues and expenses are highly sensitive to changes in economic conditions—particularly to changes in economic growth, inflation and interest rates.

To illustrate the impact of changes in economic conditions, the Department of Finance Canada publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are "rules of thumb" as the actual impact will depend on many other factors as well. As published in the March 22, 2016 budget, these show, for example, that:

- A one-year, 1-percentage-point decrease in real GDP growth would lower the budgetary balance by $5.0 billion in the first year, $5.2 billion in the second year, and $5.1 billion in the fifth year.
- A one-year, 1-percentage-point decrease in GDP inflation would lower the budgetary balance by $2.2 billion in the first year, $1.8 billion in the second year, and $1.0 billion in the fifth year.
- A sustained 100-basis-point increase in interest rates would lower the budgetary balance by $0.9 billion in the first year, $1.9 billion in the second year, and $3.3 billion in the fifth year.

While these generalized rules of thumb provide good estimates of the sensitivity of the budgetary balance to small economic changes, it is important to note that some of the estimated relationships would change in response to large economic changes.

Ten-year comparative financial information

The following tables provide a ten-year comparison of financial information based on the accounting policies explained in Note 1 to the audited consolidated financial statements in Section 2 of this volume.

Table 1.1

Government of Canada

Consolidated Statement of Operations and Accumulated Deficit—detailed

(in millions of dollars)

	Year ended March 31									
	2007	2008	2009	2010	2011	2012[2]	2013[1]	2014	2015	2016
Revenues										
Tax revenues										
Income tax revenues										
Personal	110,575	113,528	116,612	105,040	114,661	120,537	125,728	130,811	135,743	144,897
Corporate	39,361	42,212	31,243	32,247	31,953	33,641	34,986	36,587	39,447	41,444
Non-resident	4,877	5,693	6,298	5,293	5,137	5,300	5,073	6,404	6,216	6,505
	154,813	*161,433*	*154,153*	*142,580*	*151,751*	*159,478*	*165,787*	*173,802*	*181,406*	*192,846*
Other taxes and duties										
Goods and services tax	31,296	29,920	25,740	26,947	28,379	28,370	28,821	30,998	31,349	32,952
Energy taxes	5,128	5,139	5,161	5,178	5,342	5,328	5,381	5,486	5,528	5,565
Customs import duties	3,704	3,903	4,036	3,490	3,520	3,862	3,979	4,239	4,581	5,372
Other excise taxes and duties	5,189	5,245	4,869	4,958	5,662	5,546	5,370	5,413	5,724	5,916
	45,317	*44,207*	*39,806*	*40,573*	*42,903*	*43,106*	*43,551*	*46,136*	*47,182*	*49,805*
Total tax revenues	***200,130***	***205,640***	***193,959***	***183,153***	***194,654***	***202,584***	***209,338***	***219,938***	***228,588***	***242,651***
Employment insurance premiums	***16,789***	***16,558***	***16,887***	***16,761***	***17,501***	***18,556***	***20,395***	***21,766***	***22,564***	***23,070***
Other revenues										
Crown corporations	7,503	6,504	7,760	7,622	12,937	12,024	11,448	11,455	13,480	12,460
Other programs	12,261	14,951	16,944	12,920	13,939	14,274	13,952	16,836	16,359	14,950
Net foreign exchange	1,714	1,872	1,736	1,647	1,809	1,669	1,502	1,682	1,355	2,322
Total other revenues	***21,478***	***23,327***	***26,440***	***22,189***	***28,685***	***27,967***	***26,902***	***29,973***	***31,194***	***29,732***
Total revenues	**238,397**	**245,525**	**237,286**	**222,103**	**240,840**	**249,107**	**256,635**	**271,677**	**282,346**	**295,453**
Expenses										
Transfer payments										
Old age security benefits, guaranteed income supplement and spouse's allowance	30,284	31,955	33,377	34,653	35,629	38,045	40,255	41,786	44,103	45,461
Major transfer payments to other levels of government										
Canada health transfer	20,140	21,474	22,759	24,820	26,031	27,174	28,912	30,543	32,114	34,025
Canada social transfer	8,500	9,872	10,568	10,858	11,179	11,514	11,860	12,215	12,582	12,959
Fiscal arrangements	9,856	11,850	12,164	13,490	13,826	15,259	15,595	15,610	16,271	16,893
Other major transfers	3,985	2,923	985	7,772	1,751	2,847	2,003	2,107	2,142	1,973
	42,481	*46,119*	*46,476*	*56,9*[illegible]	*52,787*	*56,794*	*58,370*	*60,475*	*63,109*	*65,850*
Employment insurance benefits	14,084	14,298	16,308	21,586	19,850	17,647	17,099	17,300	18,052	19,419
Children's benefits	11,214	11,894	11,901	12,340	12,656	12,726	12,975	13,136	14,303	18,025
Other transfer payments	30,693	31,269	34,793	45,949	43,155	37,720	34,862	36,698	35,126	34,874
Total transfer payments	***128,756***	***135,535***	***142,855***	***171,468***	***164,077***	***162,932***	***163,561***	***169,395***	***174,693***	***183,629***
Other program expenses										
Crown corporations	5,109	5,185	5,859	7,400	7,584	8,198	9,512	7,484	7,590	8,358
Ministries	56,835	61,883	63,337	69,419	71,680	73,176	73,106	71,728	71,558	78,858
Total other program expenses	***61,944***	***67,068***	***69,196***	***76,819***	***79,264***	***81,374***	***82,618***	***79,212***	***79,148***	***87,216***
Total program expenses	***190,700***	***202,603***	***212,051***	***248,287***	***243,341***	***244,306***	***246,179***	***248,607***	***253,841***	***270,845***
Public debt charges	***33,945***	***33,325***	***30,990***	***29,414***	***30,871***	***31,080***	***28,871***	***28,220***	***26,594***	***25,595***
Total expenses	**224,645**	**235,928**	**243,041**	**277,701**	**274,212**	**275,386**	**275,050**	**276,827**	**280,435**	**296,440**
Annual surplus (deficit)	**13,752**	**9,597**	**(5,755)**	**(55,598)**	**(33,372)**	**(26,279)**	**(18,415)**	**(5,150)**	**1,911**	**(987)**
Accumulated deficit at beginning of year	**481,499**	**467,268**	**457,637**	**463,710**	**519,097**	**551,668**	**591,040**	**609,391**	**611,881**	**612,330**
International Financial Reporting Standards (IFRS) transition adjustment	–	–	–	–	–	**(3,337)**	–	–	–	–
Other comprehensive income (loss)	**479**	**34**	**(318)**	**211**	**2,142**	**(2,292)**	**64**	**2,660**	**(2,360)**	**(2,669)**
Accumulated deficit at end of year	**467,268**	**457,637**	**463,710**	**519,097**	**550,327**	**583,576**	**609,391**	**611,881**	**612,330**	**615,986**

[1] The 2013 Accumulated Deficit at Beginning of Year has been adjusted to include the restatement amount of $5,669 million and $1,795 million for the buy-back of bonds and the loans expected to be repaid from future appropriations done in the course of the fiscal year 2013–2014.

[2] The 2012 Accumulated Deficit at Beginning of Year has been adjusted to include the restatement amount of $1,341 million for accumulated sick leave entitlements that was done in the course of the fiscal year 2012–2013.

Table 1.2
Government of Canada
Consolidated Statement of Financial Position—detailed

(in millions of dollars)

	As at March 31[1]									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Liabilities										
Accounts payable and accrued liabilities										
Amounts payable to taxpayers	41,388	49,010	50,845	48,251	48,648	50,952	54,877	52,600	56,198	53,697
Other accounts payable and accrued liabilities	49,951	46,000	44,159	53,706	51,422	55,417	43,991	38,482	40,737	45,971
Environmental liabilities	6,062	6,669	6,342	6,602	7,745	8,362	10,600	11,143	12,296	13,282
Deferred revenue	1,594	1,602	5,734	5,113	4,512	3,893	3,321	3,920	9,160	9,981
Interest and matured debt	7,516	7,182	6,919	6,853	6,733	6,379	5,955	5,585	5,240	4,922
Total accounts payable and accrued liabilities	***106,511***	***110,463***	***113,999***	***120,525***	***119,060***	***125,003***	***118,744***	***111,730***	***123,631***	***127,853***
Interest-bearing debt										
Unmatured debt										
Payable in Canadian currency										
Marketable bonds	257,482	253,550	295,186	367,962	416,080	448,140	469,039	473,319	487,881	504,068
Treasury bills	134,074	116,936	192,275	175,849	162,980	163,221	180,689	152,990	135,692	138,100
Retail debt	15,175	13,068	12,532	11,855	10,141	8,922	7,481	6,327	5,660	5,076
Bonds for Canada Pension Plan	1,743	1,042	523	452	27	11	–	–	–	–
	408,474	*384,596*	*500,516*	*556,118*	*589,228*	*620,294*	*657,209*	*632,636*	*629,233*	*647,244*
Payable in foreign currencies	10,372	9,498	10,381	8,243	7,628	10,715	10,802	16,030	20,267	22,482
Cross-currency swap revaluation	(1,091)	(1,420)	3,690	(4,233)	(5,091)	(4,448)	(3,419)	2,326	6,669	8,391
Unamortized discounts and premiums on market debt	(6,659)	(6,213)	(4,751)	(5,092)	(4,485)	(4,295)	3,231	3,184	4,296	5,047
Obligation related to capital leases	3,096	4,236	4,184	4,090	3,685	3,633	3,647	3,603	3,710	3,477
Other unmatured debt					190	453	917	1,179	1,005	1,570
Total unmatured debt	*414,192*	*390,697*	*514,020*	*559,126*	*591,155*	*626,352*	*672,387*	*658,958*	*665,180*	*688,211*
Pensions and other future benefits										
Public sector pensions	134,726	137,371	139,909	142,843	146,135	148,911	151,667	153,162	152,664	152,227
Other employee and veteran future benefits	45,123	47,901	50,311	54,227	58,206	61,915	67,301	71,959	76,140	85,681
Total pensions and other future benefits	*179,849*	*185,272*	*190,220*	*197,070*	*204,341*	*210,826*	*218,968*	*225,121*	*228,804*	*237,908*
Due to Canada Pension Plan	54	106	90	175	23	138	68	140	212	35
Other liabilities	5,157	5,789	5,833	6,412	6,292	6,795	5,978	5,774	5,790	5,567
Total interest-bearing debt	***599,252***	***581,864***	***710,163***	***762,783***	***801,811***	***844,111***	***897,401***	***889,993***	***899,986***	***931,721***
Total liabilities	**705,763**	**692,327**	**824,162**	**883,308**	**920,871**	**969,114**	**1,016,145**	**1,001,723**	**1,023,617**	**1,059,574**
Financial assets										
Cash and accounts receivable										
Cash and cash equivalents	22,696	13,729	46,985	28,450	14,323	17,143	27,341	31,429	34,999	38,570
Taxes receivable	66,492	65,902	71,911	69,063	78,626	86,006	92,115	92,489	98,499	105,848
Other accounts receivable	3,398	3,247	3,251	3,692	3,958	4,513	4,698	4,656	3,198	10,270
Total cash and accounts receivable	***92,586***	***82,878***	***122,147***	***101,205***	***96,907***	***107,662***	***124,154***	***128,574***	***136,696***	***154,688***
Foreign exchange accounts										
International reserves held in the Exchange Fund Account	44,673	42,904	51,194	53,701	54,041	62,141	63,381	77,365	91,961	101,379
International Monetary Fund—Subscriptions	11,106	10,752	12,011	9,823	9,792	9,842	9,694	10,883	11,129	20,170
International Monetary Fund—Loans	–	–	–	337	1,139	1,325	1,457	1,665	1,353	1,278
Less: International Monetary Fund—Notes payable and special drawing rights allocations	11,601	11,357	11,496	16,911	16,465	16,311	15,773	17,651	19,425	29,288
Total foreign exchange accounts	***44,178***	***42,299***	***51,709***	***46,950***	***48,507***	***56,997***	***58,759***	***72,262***	***85,018***	***93,539***
Loans, investments and advances										
Enterprise Crown corporations and other government business enterprises	23,683	30,167	104,049	129,523	135,673	130,662	131,785	94,815	89,375	91,116
Other loans, investments and advances	21,411	20,702	21,044	23,158	22,876	22,258	23,134	22,820	24,306	24,841
Total loans, investments and advances	***45,094***	***50,869***	***125,093***	***152,681***	***158,549***	***152,920***	***154,919***	***117,635***	***113,681***	***115,957***
Public sector pension assets	–	–	–	–	–	–	–	***938***	***1,263***	***1,639***
Total financial assets	**181,858**	**176,046**	**298,949**	**300,836**	**303,963**	**317,579**	**337,832**	**319,409**	**336,658**	**365,823**
Net Debt	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**651,535**	**678,313**	**682,314**	**686,959**	**693,751**
Non-financial assets										
Tangible capital assets	49,036	51,175	53,326	55,054	57,668	59,047	60,241	61,942	63,347	65,838
Inventories	5,988	6,248	6,348	6,192	6,830	6,996	7,453	7,316	7,250	7,221
Prepaid expenses and other	1,613	1,221	1,829	2,129	2,083	1,916	1,228	1,175	4,032	4,706
Total non-financial assets	**56,637**	**58,644**	**61,503**	**63,375**	**66,581**	**67,959**	**68,922**	**70,433**	**74,629**	**77,765**
Accumulated deficit	**467,268**	**457,637**	**463,710**	**519,097**	**550,327**	**583,576**	**609,391**	**611,881**	**612,330**	**615,986**

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[1] Certain comparative figures have been reclassified to conform to current year's presentation.

Table 1.3

Government of Canada

Consolidated Statement of Change in Net Debt—detailed

(in millions of dollars)

	Year ended March 31									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net debt at beginning of year—as previously reported	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**650,135**	**671,363**	**682,314**	**686,959**
Accounting changes and restatement										
Accumulated sick leave entitlements	–	–	–	–	–	1,341	1,400	–	–	–
Unamortized premiums and discounts on the buy-back of bonds	–	–	–	–	–	–	5,669	5,387	–	–
Loans expected to be repaid from future appropriations	–	–	–	–	–	–	1,795	1,563	–	–
Net debt at beginning of year—as restated	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**618,249**	**658,999**	**678,313**	**682,314**	**686,959**
International Financial Reporting Standards (IFRS) transition adjustment	–	–	–	–	–	**3,337**	–	–	–	–
Change in net debt during the year										
Annual (surplus) deficit	**(13,752)**	**(9,597)**	**5,755**	**55,598**	**33,372**	**26,279**	**18,415**	**5,150**	**(1,911)**	**987**
Change due to tangible capital assets										
Acquisition of tangible capital assets	4,789	5,957	6,249	7,136	8,061	6,976	7,175	7,129	7,204	8,015
Amortization of tangible capital assets	(3,807)	(3,954)	(4,176)	(4,418)	(4,756)	(4,859)	(5,184)	(4,865)	(5,090)	(5,049)
Proceeds from disposal of tangible capital assets	(202)	(440)	(608)	(297)	(447)	(664)	(407)	(875)	(954)	(632)
Net (loss) or gain on disposal of tangible capital assets, including adjustments	(99)	576	686	(693)	(244)	(74)	(390)	312	245	157
Total change due to tangible capital assets	*681*	*2,139*	*2,151*	*1,728*	*2,614*	*1,379*	*1,194*	*1,701*	*1,405*	*2,491*
Change due to inventories	**113**	**260**	**100**	**(156)**	**638**	**166**	**457**	**(137)**	**(66)**	**(29)**
Change due to prepaid expenses	**396**	**(392)**	**608**	**300**	**(46)**	**(167)**	**(688)**	**(53)**	**2,857**	**674**
Net (decrease) increase in net debt due to operations	**(12,562)**	**(7,590)**	**8,614**	**57,470**	**36,578**	**27,657**	**19,378**	**6,661**	**2,285**	**4,123**
Other comprehensive (income) loss	**(479)**	**(34)**	**318**	**(211)**	**(2,142)**	**2,292**	**(64)**	**(2,660)**	**2,360**	**2,669**
Net (decrease) increase in net debt	**(13,041)**	**(7,624)**	**8,932**	**57,259**	**34,436**	**29,949**	**19,314**	**4,001**	**4,645**	**6,792**
Net debt at end of year	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**651,535**	**678,313**	**682,314**	**686,959**	**693,751**

Table 1.4

Government of Canada

Consolidated Statement of Cash Flow—detailed

(in millions of dollars)

	Year ended March 31									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating activities										
Annual surplus (deficit)	**13,752**	**9,597**	**(5,755)**	**(55,598)**	**(33,372)**	**(26,279)**	**(18,415)**	**(5,150)**	**1,911**	**(987)**
Non-cash items										
Share of annual profit in enterprise Crown corporations and other government business enterprises	(5,336)	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)	(8,365)	(7,316)
Amortization of tangible capital assets	3,807	3,954	4,176	4,418	4,756	4,859	5,184	4,865	5,090	5,049
Net loss (gain) on disposal of tangible capital assets, including adjustments	99	(576)	(686)	693	244	74	390	(312)	(245)	(157)
Cross-currency swap revaluation	1,668	(329)	5,110	(7,923)	(858)	643	1,029	5,745	4,343	1,722
Change in taxes receivable	(7,379)	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)	(6,010)	(7,349)
Change in pensions and other future benefits	5,418	5,423	4,948	6,850	7,271	5,144	8,142	5,215	3,358	8,728
Change in foreign exchange accounts	(3,351)	1,879	(9,410)	4,759	(1,557)	(8,490)	(1,762)	(13,503)	(12,756)	(8,521)
Change in accounts payable and accrued liabilities	5,079	3,952	3,536	6,526	(1,465)	5,943	(6,259)	(7,014)	11,901	4,222
Change in cash collateral pledged to counterparties	—	—	—	—	—	—	—	—	—	(6,557)
Net change in other accounts	(1,667)	1,797	2,752	2,281	(129)	1,844	1,175	1,953	670	34
Cash provided (used) by operating activities	**12,090**	**22,031**	**(6,111)**	**(37,452)**	**(41,665)**	**(28,992)**	**(21,620)**	**(14,520)**	**(103)**	**(11,132)**
Capital investment activities										
Acquisition of tangible capital assets	(4,789)	(5,957)	(6,249)	(7,136)	(8,061)	(6,976)	(7,175)	(7,129)	(6,804)	(7,379)
Proceeds from disposal of tangible capital assets	202	440	608	297	447	664	407	875	954	632
Cash used by capital investment activities	**(4,587)**	**(5,517)**	**(5,641)**	**(6,839)**	**(7,614)**	**(6,312)**	**(6,768)**	**(6,254)**	**(5,850)**	**(6,747)**
Investing activities										
Enterprise Crown corporations and other government business enterprises										
Equity transactions	2,602	2,436	1,495	(3,226)	2,818	2,684	1,445	5,165	3,514	4,975
Issuance of loans and advances	(3,713)	(5,052)	(132,057)	(119,755)	(76,579)	(63,389)	(65,183)	(70,328)	(79,905)	(54,542)
Repayment of loans and advances	3,894	435	60,688	99,921	76,677	65,286	66,156	110,259	88,168	52,699
Issuance of other loans, investments and advances	(16,969)	(6,571)	(6,910)	(21,174)	(5,858)	(7,679)	(5,533)	(5,525)	(8,124)	(7,749)
Repayment of other loans, investments and advances	16,475	6,883	5,041	16,620	5,814	6,858	4,221	4,418	5,503	6,145
Cash provided (used) by investing activities	**2,289**	**(1,869)**	**(71,743)**	**(27,614)**	**2,872**	**3,760**	**1,106**	**43,989**	**9,156**	**1,528**
Total cash generated (used) before financing activities	**9,792**	**14,645**	**(83,495)**	**(71,905)**	**(46,407)**	**(31,544)**	**(27,282)**	**23,215**	**3,203**	**(16,351)**
Financing activities										
Issuance of Canadian currency borrowings	369,354	343,755	531,668	554,892	553,464	567,707	579,456	512,009	468,021	452,850
Repayment of Canadian currency borrowings	(373,886)	(366,493)	(415,801)	(499,383)	(520,569)	(536,430)	(542,063)	(536,364)	(471,891)	(435,143)
Issuance of foreign currency borrowings	11,586	11,099	24,500	22,212	8,195	12,743	7,782	12,011	16,961	26,817
Repayment of foreign currency borrowings	(15,299)	(11,973)	(23,616)	(24,351)	(8,810)	(9,656)	(7,695)	(6,783)	(12,724)	(24,602)
Cash (used) provided by financing activities	**(8,245)**	**(23,612)**	**116,751**	**53,370**	**32,280**	**34,364**	**37,480**	**(19,127)**	**367**	**19,922**
Net increase (decrease) in cash and cash equivalents	**1,547**	**(8,967)**	**33,256**	**(18,535)**	**(14,127)**	**2,820**	**10,198**	**4,088**	**3,570**	**3,571**
Cash and cash equivalents at beginning of year	**21,149**	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**	**34,999**
Cash and cash equivalents at end of year	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**	**34,999**	**38,570**

Table 1.5

Government of Canada

Consolidated Statement of Non-Budgetary Transactions and of Non-Financial Assets—detailed

(in millions of dollars)

	Year ended March 31									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Loans, investments and advances										
Enterprise Crown corporations and other government business enterprises										
Loans and advances										
Canada Mortgage and Housing Corporation	148	258	(57,470)	(10,399)	2,693	2,974	3,472	41,951	10,465	177
Business Development Bank of Canada		(1,000)	(6,284)	(4,961)	(978)	662	(653)	(1,106)	(1,356)	(1,266)
Farm Credit Canada	–	(3,840)	(7,610)	(4,481)	(1,627)	(1,768)	(1,848)	(855)	(662)	(747)
Other	33	(35)	(5)	7	10	29	2	(59)	(185)	(7)
	181	*(4,617)*	*(71,369)*	*(19,834)*	*98*	*1,897*	*973*	*39,931*	*8,262*	*(1,843)*
Investments										
Share of annual profit	(5,336)	(4,256)	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)	(8,365)	(7,316)
Other comprehensive (income) loss	(479)	(34)	318	(211)	(2,142)	2,292	(64)	(2,660)	2,360	2,669
Dividends	2,604	2,436	2,095	1,391	2,818	2,028	1,445	5,215	2,341	4,002
Capital	(3)	–	(600)	(4,617)	–	656	–	(50)	1,030	973
Transition adjustment and other	–		–	–		3,337		–	143	–
	(3,214)	*(1,854)*	*(2,960)*	*(5,743)*	*(6,316)*	*2,963*	*(3,614)*	*(3,440)*	*(2,491)*	*328*
Total	(3,033)	(6,471)	(74,329)	(25,577)	(6,218)	4,860	(2,641)	36,491	5,771	(1,515)
Less:										
Loans expected to be repaid from future appropriations	66	32	(473)	(103)	(64)	(119)	(1,519)	(480)	353	221
Unamortized discounts and premiums	–	(19)	26	–	(4)	(32)		1	(22)	5
Total	(3,099)	(6,484)	(73,882)	(25,474)	(6,150)	5,011	(1,122)	36,970	5,440	(1,741)
Other loans, investments and advances										
Portfolio investments	–	–	6	2	–	12	5		10	5
National governments, including developing countries	80	143	(182)	235	69	40	18	(7)	(606)	22
International organizations	(491)	(321)	(905)	(454)	(826)	(704)	(885)	(900)	(1,039)	(972)
Provincial and territorial governments	285	899	217	590	257	(849)	803	849	765	693
Other loans, investments and advances	(367)	(410)	(1,005)	(4,926)	456	680	(1,254)	(1,049)	(1,751)	(1,352)
Total	(493)	311	(1,869)	(4,553)	(44)	(821)	(1,313)	(1,107)	(2,621)	(1,604)
Less: allowance for valuation	(387)	(398)	(1,527)	(2,440)	(326)	(1,439)	(436)	(1,421)	(1,135)	(1,069)
Total	(106)	709	(342)	(2,113)	282	618	(877)	314	(1,486)	(535)
Total loans, investments and advances	**(3,205)**	**(5,775)**	**(74,224)**	**(27,587)**	**(5,868)**	**5,629**	**(1,999)**	**37,284**	**3,954**	**(2,276)**
Pensions and other future benefits										
Public sector pensions	3,664	2,645	2,538	2,934	3,292	2,776	2,757	557	(823)	(813)
Other employee and veteran future benefits	1,754	2,778	2,410	3,916	3,979	3,707	5,386	4,658	4,181	9,541
Total pensions and other future benefits	**5,418**	**5,423**	**4,948**	**6,850**	**7,271**	**6,483**	**8,143**	**5,215**	**3,358**	**8,728**
Other liabilities										
Due to Canada Pension Plan	(97)	52	(16)	85	(152)	115	(70)	72	72	(177)
Other liabilities	(185)	632	44	579	(120)	503	(817)	(204)	16	(223)
Total other liabilities	**(282)**	**684**	**28**	**664**	**(272)**	**618**	**(887)**	**(132)**	**88**	**(400)**
Non-financial assets										
Tangible capital assets	(681)	(2,139)	(2,152)	(1,728)	(2,614)	(1,379)	(1,194)	(1,701)	(1,405)	(2,491)
Inventories	(113)	(260)	(100)	156	(638)	(166)	(458)	137	66	29
Prepaid expenses and other	(396)	392	(608)	(300)	46	167	688	53	(2,857)	(674)
Total non-financial assets	**(1,190)**	**(2,007)**	**(2,860)**	**(1,872)**	**(3,206)**	**(1,378)**	**(964)**	**(1,511)**	**(4,196)**	**(3,136)**
Other transactions										
Taxes receivable	(7,379)	590	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)	(6,010)	(7,349)
Other accounts receivable	(817)	151	(3)	(441)	(266)	(555)	(185)	42	1,458	(7,072)
Provincial, Territorial and Aboriginal Tax Agreements Account	410	(1,311)	(168)	1,438	241	2,688	(7,130)	(1,584)	951	2,780
Amounts payable to taxpayers	2,986	7,622	1,835	(2,594)	397	2,304	3,925	(2,277)	3,598	(2,501)
Other liabilities	1,683	(2,359)	1,869	7,682	(2,103)	951	(3,054)	(3,153)	7,352	3,942
Total other transactions	**(3,117)**	**4,693**	**(2,476)**	**8,933**	**(11,294)**	**(1,992)**	**(12,553)**	**(7,346)**	**7,349**	**(10,200)**
Total non-budgetary transactions and non-financial assets	**(2,376)**	**3,018**	**(74,584)**	**(13,012)**	**(13,369)**	**9,360**	**(8,260)**	**33,510**	**10,553**	**(7,284)**

Table 1.6

Government of Canada

Consolidated Statement of Foreign Exchange, Unmatured Debt and Cash Transactions—detailed

(in millions of dollars)

	Year ended March 31									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Foreign exchange accounts										
International reserves held in the Exchange Fund Account	(3,737)	1,769	(8,290)	(2,507)	(340)	(8,100)	(1,240)	(13,984)	(14,596)	(9,418)
International Monetary Fund—Subscriptions	(433)	354	(1,259)	2,188	31	(50)	148	(1,189)	(246)	(9,041)
International Monetary Fund—Loans				(337)	(802)	(186)	(132)	(208)	312	75
	(4,170)	*2,123*	*(9,549)*	*(656)*	*(1,111)*	*(8,336)*	*(1,224)*	*(15,381)*	*(14,530)*	*(18,384)*
Less: International Monetary Fund										
Special drawing rights allocations	(48)	43	(154)	(7,766)	30	(48)	139	(1,118)	(231)	(493)
Notes payable	(771)	201	14	2,351	416	202	398	(760)	(1,543)	(9,370)
	(819)	*244*	*(140)*	*(5,415)*	*446*	*154*	*537*	*(1,878)*	*(1,774)*	*(9,863)*
Total foreign exchange accounts	**(3,351)**	**1,879**	**(9,409)**	**4,759**	**(1,557)**	**(8,490)**	**(1,761)**	**(13,503)**	**(12,756)**	**(8,521)**
Unmatured debt										
Payable in Canadian currency										
Marketable bonds	(3,652)	(3,932)	41,636	72,776	48,118	32,060	20,899	4,280	14,562	16,187
Treasury bills	2,477	(17,138)	75,339	(16,426)	(12,869)	241	17,468	(27,699)	(17,298)	2,408
Retail debt	(2,167)	(2,107)	(537)	(677)	(1,714)	(1,219)	(1,441)	(1,154)	(667)	(584)
Bonds for Canada Pension Plan	(1,359)	(700)	(519)	(71)	(425)	(16)	(11)			
	(4,701)	*(23,877)*	*115,919*	*55,602*	*33,110*	*31,066*	*36,915*	*(24,573)*	*(3,403)*	*18,011*
Payable in foreign currencies	(3,713)	(875)	883	(2,138)	(615)	3,087	87	5,228	4,237	2,215
Cross-currency swap revaluation	1,167	(329)	5,110	(7,923)	(858)	643	1,029	5,745	4,343	1,722
Unamortized discounts and premiums on market debt	121	446	1,462	(341)	607	190	7,526	(47)	1,112	751
Obligation related to capital leases	169	1,140	(51)	(94)	(405)	(52)	13	(44)	107	(233)
Other unmatured debt					190	263	464	262	(174)	565
Total unmatured debt	**(6,957)**	**(23,495)**	**123,323**	**45,106**	**32,029**	**35,197**	**46,034**	**(13,429)**	**6,222**	**23,031**
Cash and cash equivalents at end of year										
In Canadian currency	22,701	13,733	46,989	28,124	13,902	16,493	27,130	31,415	34,716	36,022
In foreign currencies	(5)	(4)	(4)	326	421	650	211	14	283	2,548
Total cash and cash equivalents	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**	**27,341**	**31,429**	**34,999**	**38,570**

Glossary of terms

The following terms are used in this section and throughout the consolidated financial statements in Section 2 of this volume. The definitions are taken from the following primary sources:

- TERMIUM at www.btb.termiumplus.gc.ca
- The *CPA Canada Public Sector Accounting Handbook*
- Glossary of frequently-used terms, Finance Canada

Accounts of Canada
The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

Accrued benefit obligation
The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

Accumulated deficit
The accumulated net total of all past federal deficits and surpluses since Confederation plus accumulated other comprehensive income. The accumulated deficit is also equal to total liabilities less total assets – both financial and non-financial.

Actuarial valuation for accounting purposes
An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation measures the obligations and attributes the costs of the benefits to the period; it also determines any gains or losses since the last valuation.

Allowance
Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

Appropriation
Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

Capital lease
A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

Consolidated Revenue Fund
The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

Consumer Price Index (CPI)
A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a "shopping basket" of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is "weighted", meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

Contingent liability
A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

Contractual obligation
A written obligation to outside organizations or individuals as a result of a contract.

Deficit
The amount by which government expenses exceed revenue in any given year.

Defined benefit pension plan
A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

Enterprise Crown corporation
A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods or services to outside parties. An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

Financial assets
An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

Full accrual accounting
: The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

G7 (Group of Seven)
: The G7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G7 Finance Deputies.

Gross domestic product (GDP)
: The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself.

Net book value of tangible capital assets
: The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

Net debt
: The total liabilities of the government less its financial assets.

Non-financial assets
: An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

Operating lease
: A lease in which the lessor retains substantially all the benefits and risks of ownership.

Other comprehensive income
: Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available-for-sale, derivative instruments used in hedging activities or actuarial gains and losses on pensions and other employee future benefits.

Public money
: All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

Real return bonds
: These Government of Canada bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the consumer price index.

Retail debt
: Canada Savings Bonds and Canada Premium Bonds.

Surplus
: The amount by which government revenue exceeds expenses in any given year.

Swap
: An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

Tangible capital asset
: A non-financial asset having physical substance that: *(a)* is held for use in the production or supply of goods and services; *(b)* has a useful economic life extending beyond an accounting period; and *(c)* has been acquired to be used on a continuing basis.

Transfer payments
: A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not: *(a)* receive any goods or services directly in return as would occur in a purchase/sales transaction; *(b)* expect to be repaid in the future, as would be expected in a loan; or *(c)* expect a financial return, as would be expected in an investment.

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Section 2

2015–2016

Public Accounts of Canada

Consolidated financial statements of the Government of Canada and report and observations of the Auditor General of Canada

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Preface to the Consolidated Financial Statements of the Government of Canada

The fundamental purpose of these consolidated financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These consolidated financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The consolidated financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the **Consolidated Statement of Operations and Accumulated Deficit**, which presents the Government's revenues, expenses, deficit or surplus, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the **Consolidated Statement of Financial Position**, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the **Consolidated Statement of Change in Net Debt**, which explains the difference between the Government's annual deficit or surplus and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient, or not sufficient, to offset expenditures, as opposed to the expenses recognized in the annual deficit or surplus.

The fourth is the **Consolidated Statement of Cash Flow**, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the *Public Accounts of Canada*, provide more detailed supplementary information in respect of matters reported in the consolidated financial statements. The Independent Auditor's Report on the consolidated financial statements does not extend to this supplementary information.

Statement of Responsibility

These consolidated financial statements are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of these consolidated financial statements rests with the Government. These consolidated financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. These consolidated financial statements are prepared on a full accrual basis of accounting. The information included in these consolidated financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

The Government presents these consolidated financial statements to the Auditor General of Canada, who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in Section 6 of the *Auditor General Act*.

Annually, the consolidated financial statements are tabled in the House of Commons as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the consolidated financial statements and accompanying independent audit opinion.

On behalf of the Government of Canada.

YAPRAKB.

Yaprak Baltacıoğlu
Secretary of the Treasury Board of Canada

Paul Rochon
Deputy Minister of Finance

Marie Lemay
Deputy Receiver General for Canada

Bill Matthews, CPA, CA
Comptroller General of Canada

September 6, 2016

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

Independent Auditor's Report

To the House of Commons

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of Canada, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of operations and accumulated deficit, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Government's Responsibility for the Consolidated Financial Statements

The Government is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and for such internal control as the Government determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Government's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Government, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2016, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which conform with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by Section 6 of the *Auditor General Act*, I report that, in my opinion, the stated accounting policies of the Government of Canada have been applied on a basis consistent with that of the preceding year.

Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

6 September 2016
Ottawa, Canada

Government of Canada

Consolidated Statement of Operations and Accumulated Deficit for the year ended March 31, 2016

(in millions of dollars)

	2016		2015
	Budget (Note 3)	Actual	Actual
Revenues (Note 19)			
Tax revenues			
Income tax revenues			
Personal	143,355	144,897	135,743
Corporate	36,846	41,444	39,447
Non-resident	6,195	6,505	6,216
Total income tax revenues	***186,396***	***192,846***	***181,406***
Other taxes and duties			
Goods and services tax	32,734	32,952	31,349
Energy taxes	5,607	5,565	5,528
Customs import duties	4,887	5,372	4,581
Other excise taxes and duties	5,795	5,916	5,724
Total other taxes and duties	***49,023***	***49,805***	***47,182***
Total tax revenues	***235,419***	***242,651***	***228,588***
Employment insurance premiums	***23,125***	***23,070***	***22,564***
Other revenues			
Crown corporations	13,111	12,460	13,480
Other programs	16,580	14,950	16,359
Net foreign exchange	2,051	2,322	1,355
Total other revenues	***31,742***	***29,732***	***31,194***
Total revenues	**290,286**	**295,453**	**282,346**
Expenses (Note 4 and Note 19)			
Transfer payments			
Old age security benefits, guaranteed income supplement and spouse's allowance	45,678	45,461	44,103
Major transfer payments to other levels of government	65,436	65,850	63,109
Employment insurance benefits	18,375	19,419	18,052
Children's benefits	17,959	18,025	14,303
Other transfer payments	33,987	34,874	35,126
Total transfer payments	***181,435***	***183,629***	***174,693***
Other program expenses			
Crown corporations	8,329	8,358	7,590
Ministries	73,448	78,858	71,558
Total other program expenses	***81,777***	***87,216***	***79,148***
Total program expenses	***263,212***	***270,845***	***253,841***
Public debt charges	***25,704***	***25,595***	***26,594***
Total expenses	**288,916**	**296,440**	**280,435**
Annual (deficit) surplus	**1,370**	**(987)**	**1,911**
Accumulated deficit at beginning of year	**612,330**	**612,330**	**611,881**
Other comprehensive loss (Note 5 and Note 13)	**(2,366)**	**(2,669)**	**(2,360)**
Accumulated deficit at end of year (Note 5)	**613,326**	**615,986**	**612,330**

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Financial Position as at March 31, 2016

(in millions of dollars)

	2016	2015
Liabilities		
Accounts payable and accrued liabilities		
Amounts payable to taxpayers	53,697	56,198
Other accounts payable and accrued liabilities	45,971	40,737
Environmental liabilities (Note 6)	13,282	12,296
Deferred revenue	9,981	9,160
Interest and matured debt	4,922	5,240
Total accounts payable and accrued liabilities	***127,853***	***123,631***
Interest-bearing debt		
Unmatured debt (Note 7)	688,211	665,180
Pensions and other future benefits		
Public sector pensions (Note 8)	152,227	152,664
Other employee and veteran future benefits (Note 8)	85,681	76,140
Total pensions and other future benefits	*237,908*	*228,804*
Other liabilities (Note 9)	5,602	6,002
Total interest-bearing debt	***931,721***	***899,986***
Total liabilities	**1,059,574**	**1,023,617**
Financial assets		
Cash and accounts receivable		
Cash and cash equivalents (Note 10)	38,570	34,999
Taxes receivable (Note 11)	105,848	98,499
Other accounts receivable (Note 11)	10,270	3,198
Total cash and accounts receivable	***154,688***	***136,696***
Foreign exchange accounts (Note 12)	***93,539***	***85,018***
Loans, investments and advances		
Enterprise Crown corporations and other government business enterprises (Note 13)	91,116	89,375
Other loans, investments and advances (Note 14)	24,841	24,306
Total loans, investments and advances	***115,957***	***113,681***
Public sector pension assets (Note 8)	***1,639***	***1,263***
Total financial assets	**365,823**	**336,658**
Net debt	**693,751**	**686,959**
Non-financial assets		
Tangible capital assets (Note 15)	65,838	63,347
Inventories	7,221	7,250
Prepaid expenses and other	4,706	4,032
Total non-financial assets	**77,765**	**74,629**
Accumulated deficit (Note 5)	**615,986**	**612,330**

Contractual obligations and contingent liabilities (Note 17 and Note 18)

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.
Certain comparative figures have been reclassified to conform to the current year's presentation.

Government of Canada

Consolidated Statement of Change in Net Debt for the year ended March 31, 2016

(in millions of dollars)

	2016		2015
	Budget (Note 3)	Actual	Actual
Net debt at beginning of year	**686,959**	**686,959**	**682,314**
Change in net debt during the year			
Annual deficit (surplus)	**(1,370)**	**987**	**(1,911)**
Changes due to tangible capital assets			
Acquisition of tangible capital assets	8,541	8,015	7,204
Amortization of tangible capital assets	(5,702)	(5,049)	(5,090)
Proceeds from disposal of tangible capital assets	(400)	(632)	(954)
Net gain on disposal of tangible capital assets, including adjustments	–	157	245
Total change due to tangible capital assets	***2,439***	***2,491***	***1,405***
Change due to inventories	–	**(29)**	**(66)**
Change due to prepaid expenses and other	–	**674**	**2,857**
Net increase in net debt due to operations	**1,069**	**4,123**	**2,285**
Other comprehensive loss (Note 5 and Note 13)	**2,366**	**2,669**	**2,360**
Net increase in net debt	**3,435**	**6,792**	**4,645**
Net debt at end of year	**690,394**	**693,751**	**686,959**

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Government of Canada

Consolidated Statement of Cash Flow for the year ended March 31, 2016

(in millions of dollars)

	2016	2015
Operating activities		
Annual (deficit) surplus	**(987)**	**1,911**
Non-cash items		
Share of annual profit in enterprise Crown corporations and other government business enterprises	(7,316)	(8,365)
Amortization of tangible capital assets	5,049	5,090
Net gain on disposal of tangible capital assets, including adjustments	(157)	(245)
Cross-currency swap revaluation	1,722	4,343
Change in taxes receivable	(7,349)	(6,010)
Change in pensions and other future benefits	8,728	3,358
Change in foreign exchange accounts	(8,521)	(12,756)
Change in accounts payable and accrued liabilities	4,222	11,901
Change in cash collateral pledged to counterparties	(6,557)	
Net change in other accounts	34	670
Cash used by operating activities	***(11,132)***	***(103)***
Capital investment activities		
Acquisition of tangible capital assets	(7,379)	(6,804)
Proceeds from disposal of tangible capital assets	632	954
Cash used by capital investment activities	***(6,747)***	***(5,850)***
Investing activities		
Enterprise Crown corporations and other government business enterprises		
Equity transactions	4,975	3,514
Issuance of loans and advances	(54,542)	(79,905)
Repayment of loans and advances	52,699	88,168
Issuance of other loans, investments and advances	(7,749)	(8,124)
Repayment of other loans, investments and advances	6,145	5,503
Cash provided by investing activities	***1,528***	***9,156***
Financing activities		
Issuance of Canadian currency borrowings	452,850	468,021
Repayment of Canadian currency borrowings	(435,143)	(471,891)
Issuance of foreign currency borrowings	26,817	16,961
Repayment of foreign currency borrowings	(24,602)	(12,724)
Cash provided by financing activities	***19,922***	***367***
Net increase in cash and cash equivalents	**3,571**	**3,570**
Cash and cash equivalents at beginning of year	***34,999***	***31,429***
Cash and cash equivalents at end of year (Note 10)	***38,570***	***34,999***
Supplementary information		
Cash used for interest	14,337	15,152

The accompanying notes are an integral part of these consolidated statements.
Details can be found in other sections (unaudited) of this volume.

Notes to the consolidated financial statements of the Government of Canada

1. Summary of significant accounting policies

Reporting entity

The reporting entity of the Government of Canada includes all of the government organizations which comprise the legal entity of the Government as well as other government organizations, including Crown corporations, which are separate legal entities but are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and they are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

The financial activities of all of these entities, except for enterprise Crown corporations and other government business enterprises, are consolidated in these financial statements on a line-by-line and uniform basis of accounting after eliminating significant inter-governmental balances and transactions. Enterprise Crown corporations and other government business enterprises, which are not dependent on the Government for financing their activities, are recorded under the modified equity method.

The Canada Pension Plan (CPP), which includes the assets of CPP under the administration of the Canada Pension Plan Investment Board, is excluded from the reporting entity because changes to CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

Basis of accounting

These consolidated financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Revenues

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention.

Tax revenues are measured from amounts assessed/reassessed and from estimates of amounts not yet assessed/reassessed based on cash received that relates to the fiscal year ended March 31. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot yet be reliably determined.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against the applicable tax revenue. Tax expenditures that provide a financial benefit through the tax system, and are not related to the relief of taxes paid or payable, are shown as other transfer payments and are not netted against tax revenue.

Tax revenues that were not collected at year end and refunds that were not yet disbursed are reported respectively as taxes receivable and amounts payable to taxpayers on the Consolidated Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

Tax collected on behalf of the provincial/territorial governments is not included in tax revenues. It is recorded as payable to the provincial/territorial governments included within Other Accounts Payable and Accrued Liabilities and distributed by the Department of Finance in accordance with associated agreements.

The following policies are applied for specific revenue streams:

Income tax revenue is recognized when the taxpayer has earned the income subject to the tax.

Domestic goods and services tax (GST) revenue is recognized at the time of the sale of goods or the provision of services. These revenues are reported net of input tax credits, GST rebates, and the GST quarterly tax credits. The GST quarterly tax credit for low-income individuals and families is recorded in the period to which it relates.

Customs duties and goods and services tax revenue on imports are recognized when goods are authorized to enter Canada.

Excise tax revenue is recognized when a taxpayer sells goods taxable under the *Excise Tax Act*.

Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act* and the *Excise Act, 2001*.

Employment Insurance premiums are recognized as revenue in the period the insurable earnings are earned.

Other revenues are recognized in the period to which they relate.

Spectrum licence fees are recognized as revenue on a straight-line basis over the term of the licence. Deferred revenue consists of spectrum licence fees and other amounts received in advance for the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.

Expenses

The Government has three major types of expenses: transfer payments, other program expenses and public debt charges.

Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by March 31. In the case of transfers which do not form part of an existing program, the transfers are considered to be authorized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the consolidated financial statements.

Other program expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses and other are also included in other program expenses. Public sector pensions and other employee and veteran future benefits, which comprise a portion of personnel expenses, are recorded as employees render services using the projected benefit method prorated on service, except for: veteran future benefits and workers' compensation where benefits are accrued on an event driven basis; accumulated sick leave entitlements where benefits are recognized using an accrued benefit method; and plan amendments related to past services, curtailments and settlements where costs are recorded when approved or paid.

Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt including amounts arising on the extinguishment of debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

Foreign exchange accounts

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Transaction costs are expensed as incurred for all classes of financial instruments.

Investment income earned with respect to foreign exchange accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in net foreign exchange revenues on the Consolidated Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund and loans to the International Monetary Fund are recorded at cost.

Loans, investments and advances

Investments in enterprise Crown corporations and other government business enterprises, which include the net assets and liabilities of enterprise Crown corporations and other government business enterprises, are recorded under the modified equity method whereby the cost of the Government's equity is reduced by dividends received and adjusted to include the annual profits and losses of these corporations, after elimination of unrealized inter-organizational gains and losses. All of these corporations follow International Financial Reporting Standards (IFRS). Under the modified equity method, the corporations' accounts are not adjusted to the Government's basis of accounting and other comprehensive income or loss of enterprise Crown corporations and other government business enterprises is recorded directly to the Government'saccumulated deficit and net debt.

Some enterprise Crown corporations provide loans to borrowers outside the reporting entity of the Government. Some of these loans will be repaid through future appropriations of the Government under various subsidy programs which provide funds directly related to the repayment of the loan. For these loans receivable, a valuation allowance for the amount expected to be repaid from future appropriations is recorded to reduce their carrying value to an amount that approximates the amount to be recovered from sources outside the reporting entity of the Government. The valuation allowance is based upon the amount qualified borrowers are expected to receive under various Government subsidy programs and the percentage of the subsidy expected to be applied to the outstanding loan balance.

Other loans, investments and advances are initially recorded at cost and are adjusted to reflect the concessionary terms of loans made on a long-term, low interest or interest-free basis.

When necessary, an allowance for valuation is recorded to reduce the carrying value of other loans, investments and advances to amounts that approximate their net recoverable value. The allowance for valuation for other loans, investments and advances, reflects the possibility of losses associated with potential default on these exposures. The determination of the valuation allowance considers the credit risk of borrowers, collateral provided as well as previous repayment history. When they are determined to be uncollectible, other loans, investments and advances are written off. Subsequent recoveries are recorded as revenue when received.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 15. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated retrospectively in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using the appropriate discount rate, which is generally the lower of the interest rate implicit in the lease and government's rate of incremental borrowing at the inception of the lease. These assets are amortized over the lease term or the estimated useful life of the asset in accordance with the asset type. The corresponding lease obligations are recorded under unmatured debt on the Consolidated Statement of Financial Position. When conditions indicate that a tangible capital asset no longer contributes to the government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*; works of art, museum collections and Crown land to which no acquisition cost is attributable; and intangible assets. In addition, acquisitions of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are expensed in the fiscal year in which they are acquired.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available are valued using management'sbest estimate of original cost, based on available information.

Non-financial assets are not taken into consideration when determining the net debt of the Government, but rather are deducted from the net debt to determine the accumulated deficit.

Unmatured debt

Unmatured debt consists of market debt, cross currency swap revaluations, the obligation related to capital leases and other unmatured debt. Market debt is recorded at face value and is adjusted by discounts and premiums which are amortized on a straight-line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded in public debt charges. When a marketable bond is exchanged or repurchased, and the transaction results in an extinguishment of the debt, the difference between the carrying amount of the debt instrument and the net consideration paid is recognized as a gain or loss in the Consolidated Statement of Operations and Accumulated Deficit, and the debt instrument is derecognized. An extinguishment occurs on the repurchase of bonds, or when there is an exchange of bonds with an existing bond holder and the terms of the original debt and the replacement debt are substantially different. Exchanged bonds are considered to have substantially different terms when the discounted present value of the cash flows under the new terms, including any amounts paid on the exchange, and discounted using the average effective interest rate of the original debt, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original debt. If an exchange of bonds with an existing bond holder does not result in an extinguishment, the carrying amount of the debt is adjusted for any amounts paid on the exchange, and the unamortized premiums or discounts relating to the original debt and arising on the exchange transaction are amortized over the remaining term to maturity of the replacement debt on a straight-line basis. The Government's holdings of its own securities, if any, are deducted from market debt to report the liability to external parties. As the Government does not specifically borrow on behalf of enterprise Crown corporations, there is no netting of outstanding market debt and loans to these corporations.

Cross currency swap revaluations consist of unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps entered into by the Government.

The obligation related to capital leases represents the present values of the remaining minimum lease payments under capital lease agreements.

Public sector pensions and other employee and veteran future benefits

Public sector pensions and other employee and veteran future benefits are measured on an actuarial basis. The actuarial valuations estimate the current value of benefits earned and use various actuarial assumptions in the process. When actual experience of the plans varies from estimates or when actuarial assumptions change, actuarial gains or losses arise. Due to their tentative nature and because further adjustments will likely be required in the future, actuarial gains and losses are not recognized immediately but rather over the expected average remaining service life (EARSL) of the employees, which varies across plans, or the average remaining life expectancy (ARLE) of the benefit recipients under wartime veteran plans. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, an unrecognized net actuarial loss is recognized immediately upon a plan amendment, up to a maximum of the related decrease in the accrued benefit obligation; similarly, an unrecognized net actuarial gain is recognized immediately, up to a maximum of the related increase in the accrued benefit obligation. The unrecognized net actuarial loss or gain, relating to the obligation that is curtailed or settled, is recognized immediately upon a plan curtailment or settlement.

Investments held by the Public Sector Pension Investment Board (PSPIB) are valued at market-related value, a five-year smoothed value. Under this method, the expected return on investments is recorded immediately while the difference between the expected and the actual return on investments is recorded over a five-year period through actuarial gains and losses. The market-related value of investments is adjusted, if necessary, to ensure that it does not fall outside a limit of plus or minus 10 per cent of the market value of investments at year end; any difference is recorded immediately through actuarial gains and losses.

Contributions receivable from employees for past service buyback elections are discounted to approximate their fair value.

Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued as part of other accounts payable and accrued liabilities and an expense recorded to other program expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

For guarantees, an allowance is recorded when it is determined that a loss is likely and the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs related to obligations associated with the retirement of tangible capital assets and other environmental liabilities.

A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate applied is taken from the Government's Consolidated Revenue Fund monthly lending rates for periods of one year and over which is based on the Government's cost of borrowing. The discount rates used are based on the term rate associated with the estimated number of years to complete remediation. For remediation costs with estimated future cash flows spanning more than 25 years, the 25-year Consolidated Revenue Fund lending rate is used as the discount rate.

A liability for an asset retirement obligation is recognized when all of the following criteria are satisfied: there is an agreement, contract, legislation, or a constructive or equitable obligation that obligates the Government to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. These costs are normally capitalized and amortized over the asset's estimated useful life based on the Government's best estimates of the cost to retire the tangible asset. If the related asset is fully amortized, the related cost is expensed. The liability reflects the present value of estimated future cash flows required to retire the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities or assets are removed from service.

A liability for unexploded explosive ordnance (UXO) affected legacy sites is recognized when there is an appropriate basis for measurement and a reasonable estimate can be made. These liabilities are present obligations arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

The recorded environmental liabilities are adjusted each year, as required, for present value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of the Government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated statements. If measurement uncertainty exists it is also disclosed in the notes to the consolidated statements.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Consolidated Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt, swap and foreign exchange forward agreement revaluations are presented with investment revenues from foreign exchange accounts under net foreign exchange revenues. Net gains and losses relating to loans, investments and advances are presented with the return on investments from these loans, investments and advances under other program revenues. Net gains and losses relating to transfer payments are reported in the transfer payment expenses under other transfer payments. Net gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported in ministries expenses under other program expenses.

Measurement uncertainty

The preparation of consolidated financial statements requires the Government to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses in the consolidated financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the Government's best estimate of the related amount at the end of the reporting period. Estimates and underlying assumptions are reviewed annually at March 31. Revisions to accounting estimates are recognized in the period in which estimates are revised if revisions affect only that period or in the period of revision and future periods if revisions affect both current and future periods.

A material measurement uncertainty exists when it is reasonably possible that a material variance could occur in the reported or disclosed amount in the near term. Near term is defined as a period of time not to exceed one year from March 31. The Government has determined that a material measurement uncertainty exists with respect to the reported amounts for public sector pensions and other employee and veteran future benefits. Measurement uncertainty due to estimates and assumptions also exists in the accrual of tax revenues, the related amounts receivable and payable, and the allowance for doubtful accounts; and environmental liabilities. It is reasonably possible that the Government's reassessments of these estimates and assumptions could require a material change in reported amounts or disclosures in the consolidated financial statements.

Obligations for public sector pensions and other employee and veteran future benefits are actuarially determined and the actual experience may differ significantly from the assumptions used in the calculation of the plans' accrued benefits. At March 31, 2016, net future benefit liabilities of $236,269 million ($227,541 million in 2015) in regards to obligations for public sector pensions and other employee and veteran future benefits are recorded in the financial statements. The significant actuarial assumptions used in measuring the benefit obligations as well as a sensitivity analysis of the impact on the consolidated financial statements of changes in the most significant assumptions are found in Note 8.

Tax revenues, the related amounts receivable and payable and the allowance for doubtful accounts are subject to measurement uncertainty due to the use of estimates of amounts not yet assessed/reassessed based on cash received. Key assumptions used in estimating tax revenues are that tax instalments, historical information on refund rates, payments received on filing tax returns, and amounts receivable assessed are good indicators of tax revenue earned to March 31 that has not yet been assessed. The estimates are subject to back-testing and are refined as required. The key assumption used to estimate the general allowance for doubtful accounts is historical collection information as described in Note 11. The methodologies used to determine the estimates were applied consistently with those of the previous year.

Environmental liabilities are subject to measurement uncertainty as discussed in Note 6 due to the evolving technologies used in the remediation of contaminated sites, the use of discounted present value of future estimated costs, and the fact that not all sites have had a complete assessment of the extent and nature of remediation. Changes to underlying assumptions, the timing of the expenditures, the technology employed, or revisions to environmental standards could result in significant changes to the environmental liabilities recorded.

Other comprehensive income or loss

Other comprehensive income or loss, resulting from the accounting of enterprise Crown corporations and other government business enterprises under the modified equity method, is excluded from the calculation of the Government's annual deficit and is recorded directly to the Government's accumulated deficit and net debt.

2. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

3. Spending and borrowing authorities

(a) Spending authorities

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes. When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. During fiscal year 2015–2016, with the dissolution of Parliament on August 4, 2015, there were no requirements to issue special warrants to support expenditures.

The Government uses the full accrual method of accounting to prepare its Budget and present its current consolidated financial statements. However, the spending authorities voted by Parliament remain on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the authorities indicated in the following table:

(in millions of dollars)

	2016	2015
Annual spending limits voted by Parliament	95,358	93,955
Expenditures permitted under other legislation	158,135	148,614
Total budgetary expenditures authorized	253,493	242,569
Less: amounts available for use in subsequent years and amounts that have lapsed	12,094	11,428
Total net expenditures	241,399	231,141
Effect of consolidation and full accrual accounting	55,041	49,294
Total expenses	296,440	280,435

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Consolidated Statement of Operations and Accumulated Deficit. The difference is due to various factors. Spending authorities are presented on a partial accrual basis, while the Consolidated Statement of Operations and Accumulated Deficit is prepared on a full accrual basis. The transactions of consolidated specified purpose accounts and of certain Crown corporations or other controlled entities are consolidated in the financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when they are disbursed to the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of $206,895 million ($245,788 million in 2015) was authorized for loans, investments and advances. A net amount of $55,446 million ($71,551 million in 2015) was used, an amount of $71 million ($33 million in 2015) lapsed and an amount of $151,378 million ($174,204 million in 2015) is available for use in subsequent years.

Details about the source and disposition of authorities (unaudited) and the details of ministerial expenditures are provided in Volume II of the *Public Accounts of Canada*.

(b) Over-expenditure of spending authorities

There were no over-expenditures of spending authorities in 2015–2016.

(c) Borrowing authorities

The Government may borrow only on the authority of Parliament which is contained in Part IV of the *Financial Administration Act*. Section 43.1 of the *Financial Administration Act* empowers the Governor in Council to authorize the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. In 2016, the Governor in Council specified $270,000 million ($270,000 million in 2015) to be the maximum aggregate amount of principal that may be borrowed during the fiscal year. The maximum aggregate amount of principal is the sum of *i)* the maximum stock of treasury bills anticipated to be outstanding during the year, *ii)* the total value of refinanced and anticipated new issuances of marketable bonds and retail debt and *iii)* an amount to facilitate intra-year management of the debt and foreign exchange accounts. During the year, $237,867 million ($244,913 million in 2015) of the borrowing authority was used.

(d) Source of budget amounts

The budget amounts included in the Consolidated Statement of Operations and Accumulated Deficit and the Consolidated Statement of Change in Net Debt are derived from the amounts that were budgeted for 2015–2016 in the April 2015 Budget Plan (Budget 2015).

Since actual opening balances of the accumulated deficit and net debt were not available at the time of preparation of Budget 2015, the corresponding amounts in the budget column have been adjusted to the actual closing balances of the previous year.

4. Expenses

Expenses in the Consolidated Statement of Operations and Accumulated Deficit include:

(a) Major transfer payments to other levels of government

(in millions of dollars)

	2016	2015
Canada health transfer	34,025	32,114
Canada social transfer	12,959	12,582
Fiscal arrangements	16,893	16,271
Other major transfers	1,973	2,142
Total major transfer payments to other levels of government	65,850	63,109

Details can be found in Section 3 (unaudited) of this volume and in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

(b) Other transfer payments

Other transfer payments totalling $34,874 million ($35,126 million in 2015) include various amounts paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, provide international development assistance, support health care and infrastructure of First Nations and Inuit communities, support social housing and families and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. The various types of transfer payments are being delivered by departments according to their departmental legislative mandates. Details can be found in Table 3.6 of Section 3 (unaudited) of this volume.

(c) Public debt charges

(in millions of dollars)

	2016	2015
Public debt charges related to unmatured debt		
Interest on unmatured debt	13,203	13,614
Amortization of discounts on Canada and Treasury bills	871	1,420
Amortization of premiums and discounts on all other debts	1,503	841
Cross currency swap revaluation	(487)	(542)
Servicing costs and costs of issuing new borrowings	11	19
Capital lease obligations	209	209
Other unmatured debt	83	60
Total	15,393	15,621
Interest expense related to pensions and other future benefits	9,995	10,748
Other liabilities	207	225
Total public debt charges	25,595	26,594

Details can be found in Section 3 (unaudited) of this volume.

(d) Total expenses by segment

The Government has defined the segments as the Ministries and Crown corporations and other entities. Additional segmented information is provided in Note 19. The following table presents the total expenses by segment after the elimination of internal transactions:

(in millions of dollars)

	2016	2015
Ministries		
Agriculture and Agri-Food	2,028	2,081
Canadian Heritage	1,498	1,741
Environment and Climate Change	1,642	1,658
Families, Children and Social Development	81,743	75,013
Finance	90,176	88,892
Fisheries, Oceans and the Canadian Coast Guard	1,638	1,671
Global Affairs	6,224	6,126
Health	6,325	6,245
Immigration, Refugees and Citizenship	2,221	2,045
Indigenous and Northern Affairs	9,240	8,780
Infrastructure and Communities	3,135	3,020
Innovation, Science and Economic Development	4,001	5,007
Justice	1,615	1,625
National Defence	28,759	23,873
National Revenue	22,199	21,830
Natural Resources	1,523	2,253
Office of the Governor General's Secretary	21	20
Parliament	571	543
Privy Council	671	322
Public Safety and Emergency Preparedness	10,996	10,036
Public Services and Procurement	4,339	4,506
Transport	1,479	1,553
Treasury Board	4,214	3,277
Veterans Affairs	929	1,018
Provision for valuation and other items	234	(957)
Total ministries	287,421	272,178
Crown corporations and other entities	9,019	8,257
Total expenses	296,440	280,435

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume

Certain comparative figures have been reclassified to conform to the current Government structure

(e) Total expenses by type of resource used in operations

The Consolidated Statement of Operations and Accumulated Deficit and the previous table present a breakdown of expenses by segment, which represent the expenses incurred for each of the main functions of the Government. The following table presents the detail of these expenses by main objects of expense:

(in millions of dollars)

Objects of expense	2016	2015
Transfer payments	183,629	174,693
Other program expenses		
Crown corporations[1]	7,846	7,162
Personnel	50,171	43,811
Transportation and communications	2,496	2,422
Information	235	232
Professional and special services	8,353	8,090
Rentals	2,052	1,979
Repair and maintenance	2,765	2,312
Utilities, materials and supplies	2,513	2,514
Other subsidies and expenses	5,592	5,435
Amortization of tangible capital assets	5,049	5,090
Net loss on disposal of assets	144	101
Total other program expenses	87,216	79,148
Total program expenses	270,845	253,841
Public debt charges	25,595	26,594
Total expenses	296,440	280,435

Details reconciling objects of expense to objects of expenditure can be found in Section 3 (unaudited) of this volume and details on ministerial expenditures by object can be found in Section 1 (unaudited) of Volume II of the *Public Accounts of Canada*.

[1] This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

5. Accumulated deficit

The Government includes in its revenues and expenses, the transactions of consolidated Crown corporations and other entities controlled by the Government, and of certain accounts established for specified purposes. Legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. Any deficiency of payments over revenues must be met through future revenues or transfers credited to these accounts. The following table shows the balance of these consolidated accounts and the equity of the consolidated Crown corporations and other entities included in the accumulated deficit:

(in millions of dollars)

	2016	2015
Accumulated deficit, excluding consolidated accounts and accumulated other comprehensive income[1]	622,659	619,998
Consolidated specified purpose accounts		
Employment Insurance Operating Account	(2,915)	(522)
Other insurance accounts	(711)	(707)
Other consolidated accounts	(326)	(306)
	618,707	618,463
Consolidated Crown corporations and other entities	(1,463)	(2,274)
Accumulated other comprehensive income	(1,258)	(3,859)
Accumulated deficit	615,986	612,330

[1] Included in this amount are actuarial gains and losses on pensions and other employee future benefits of enterprise Crown corporations and other government business enterprises which are a part of other comprehensive income but recorded directly to accumulated deficit and therefore are not a component of accumulated other comprehensive income.

Accumulated other comprehensive income

For enterprise Crown corporations and other government business enterprises recorded under the modified equity method, certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits are recorded in other comprehensive loss or income in accordance with International Financial Reporting Standards (IFRS). The unrealized gains and losses on financial instruments reflect changes in the fair value of financial assets classified as available-for-sale or derivative instruments used in hedging activities and are excluded from the calculation of profit or loss until realized. Actuarial gains and losses related to pensions and other employee future benefits reflect differences between the actual and expected returns on plan assets as well as the difference between actual and expected experience and changes in actuarial assumptions used to determine the present value of the benefit obligations. These actuarial gains and losses are recorded directly to retained earnings without reclassification to profit or loss in a subsequent period.

Other comprehensive loss or income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then reflected in the Government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified.

The following table presents the different components of other comprehensive income as well as accumulated other comprehensive income included in the Government's accumulated deficit:

(in millions of dollars)

	2016	2015
Accumulated other comprehensive income at beginning of year	3,859	4,317
Other comprehensive loss		
Net change in unrealized gains and losses on available-for-sale financial instruments	(2,577)	(450)
Net change in fair value of derivatives designated as hedges	(24)	(8)
Actuarial losses on pensions and other employee future benefits	(68)	(1,902)
Total	(2,669)	(2,360)
Less: Actuarial losses on pensions and other employee future benefits recorded directly to accumulated deficit	(68)	(1,902)
Accumulated other comprehensive income at end of year	1,258	3,859

6. Environmental liabilities

(a) Remediation of contaminated sites

The Government has developed a "Federal Approach to Contaminated Sites" which incorporates a risk-based approach to the management of contaminated sites. Under this approach the Government has inventoried the contaminated sites on federal lands that have been identified, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in the identification of the high risk sites in order to allocate limited resources to those sites which pose the highest risk to the environment and human health.

The Government has identified approximately 7,900 sites (8,600 sites in 2015) where contamination may exist and assessment, remediation and monitoring may be required. Of these, the Government has identified approximately 2,400 sites (2,400 sites in 2015), where action is possible and for which a gross liability of $5,954 million ($5,810 million in 2015) has been recorded. This liability estimate has been determined based on site assessments performed by scientific/engineering contractors. In 2016, a statistical model was developed to estimate the liability for a group of unassessed sites based on a projection of the number of sites that will proceed to remediation and applying current and historical costs. As a result, there are 4,300 unassessed sites where a liability estimate of $320 million has been recorded prospectively in 2016. These two estimates combined, totalling $6,274 million ($5,810 million in 2015), represents the Government's best estimate of the costs required to remediate sites to the current minimum standard for its use prior to contamination, based on information available on March 31.

For the remaining 1,200 sites, no liability for remediation has been recognized. Some of these sites are at various stages of testing and evaluation and if remediation is required, liabilities will be reported as soon as a reasonable estimate can be determined. For other sites, the Government does not expect to give up any future economic benefits (there is likely no significant environmental impact or human health threats). These sites will be re-examined and a liability for remediation will be recognized if future economic benefits will be given up.

The following table presents the total estimated amounts of these liabilities by nature and source, the associated expected recoveries and the total undiscounted future expenditures as at March 31, 2016 and March 31, 2015. When the liability estimate is based on a future cash requirement, the Consolidated Revenue Fund lending rate applicable to loans with similar terms to maturity has been used to discount the estimated future expenditures. March 2016 rates range from 0.62 per cent for 2 year term to 2.13 per cent for a 25 or greater year term.

(in millions of dollars)

	2016				2015			
	Number of sites	Estimated liability	Estimated total undiscounted expenditures	Estimated recoveries	Number of sites	Estimated liability	Estimated total undiscounted expenditures	Estimated recoveries
Former mineral exploration sites[1]	111	3,160	5,954	31	131	3,083	5,048	17
Radioactive material[2]	5	1,116	1,298	-	5	1,016	1,049	-
Military and former military sites[3]	288	574	594	-	177	559	581	-
Fuel related practices[4]	1,203	385	393	-	645	358	366	-
Marine facilities/aquatic sites[5]	3,294	290	301	-	819	278	291	-
Landfill/waste sites[6]	938	359	370	-	375	211	220	-
Other[7]	900	390	393	-	261	305	309	-
Total	6,739	6,274	9,303	31	2,413	5,810	7,864	17

[1] Contamination associated with former mine activities, e.g. heavy metals, petroleum hydrocarbons, etc. Sites often have multiple sources of contamination.

[2] Contamination associated with former nuclear operations, e.g. low-level radioactive waste, radioactive isotopes.

[3] Contamination associated with the operations of military and former military sites where activities such as fuel handling and storage activities, waste sites, metals/PCB-based paint used on buildings resulted in former or accidental contamination, e.g. petroleum hydrocarbons, PCBs, heavy metals. Sites often have multiple sources of contamination.

[4] Contamination primarily associated with fuel storage and handling, e.g., accidental spills related to fuel storage tanks or former fuel handling practices, e.g. petroleum hydrocarbons, polyaromatic hydrocarbons and BTEX (benzene, toluene, ethylbenzene and xylenes).

[5] Contamination associated with the operations of marine assets, e.g., port facilities, harbours, navigation systems, light stations, hydrometric stations, where activities such as fuel storage/handling, use of metal based paint on light stations resulted in former or accidental contamination, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons and other organic contaminants. Sites often have multiple sources of contamination.

[6] Contamination associated with former landfill/waste site or leaching from materials deposited in the landfill/waste site, e.g. metals, petroleum hydrocarbons, BTEX, other organic contaminants, etc.

[7] Contamination from other sources, e.g. use of pesticides, herbicides, fertilizers at agricultural sites, use of PCBs, firefighting training areas, firing ranges and training facilities, the operations of assets such as airports, railways and roads where activities such as, fuel storage/handling, waste sites, and chemical storage areas resulted in former or accidental contamination, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX and other organic contaminants.

Also during the year 1,200 sites (1,200 sites in 2015) were closed as they were either remediated or assessed to confirm that they no longer meet all the criteria required to record a liability for contaminated sites.

(b) Asset retirement obligations

The asset retirement obligation is $6,767 million ($6,502 million in 2015) of which Atomic Energy of Canada Ltd. has recorded $6,763 million ($6,487 million in 2015) for nuclear facility decommissioning. In 2016, an amount of $233 million ($107 million in 2015) for the revisions in estimate and timing of expenditures was recorded. Also, an amount of $251 million ($250 million in 2015) was recognized to account for the unwinding of discount and the effect of change in discount rate and an amount of $219 million ($200 million in 2015) was recorded to settle the liabilities.

(c) Other environmental liabilities

The Government has identified approximately 893 UXO (918 in 2015) suspected sites for which clearance action may be necessary. Of these sites, 61 (57 in 2015) are confirmed UXO affected sites. Based on the Government's best estimates, a liability of $272 million ($1.3 million in 2015) has been recorded for clearance action on 10 (5 in 2015) of the confirmed UXO sites. Remediation has been done on 14 of the sites and they will be closed in the next fiscal year. The remaining 869 suspect sites are currently in the assessment stage and a reasonable estimate cannot yet be determined. Of these sites, the obligation for clearance action is likely for 61 sites, indeterminable for 667 sites and unlikely for 141 sites.

The Government's ongoing efforts to assess contaminated sites, asset retirement obligations and UXO affected sites may result in additional environmental liabilities.

7. Unmatured debt

Unmatured debt includes:

(in millions of dollars)

	2016	2015
Market debt		
Payable in Canadian currency	647,244	629,233
Payable in foreign currencies	22,482	20,267
Total	669,726	649,500
Unamortized discounts and premiums on market debt	5,047	4,296
Market debt including unamortized discounts and premiums	674,773	653,796
Cross currency swap revaluations	8,391	6,669
Obligation related to capital leases	3,477	3,710
Other unmatured debt	1,570	1,005
Total unmatured debt	688,211	665,180

Unamortized discounts result from Treasury bills and Canada bills which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buyback program and from issuance of market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

At March 31, 2016, the fair value of market debt including unamortized discounts and premiums is $742,648 million ($731,609 million in 2015). For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars, Canada bills and medium-term notes issued in US dollars and Euros, fair values are established using market quotes or the discounted cash flow calculated using year-end market interest and exchange rates.

The Government has entered into individual cross-currency swap contracts with various counterparties. Terms and conditions associated with these outstanding contracts are established using International Swaps and Derivatives Association (ISDA) master agreements, which are in place with each counterparty. Cross-currency swaps are used primarily to fund foreign-denominated asset levels in the foreign exchange accounts.

Included in Cross-currency swap revaluations is $757 million ($1,029 million at March 31, 2015) related to individual cross-currency swap contracts that have a net foreign-exchange asset value to the Government upon revaluation and $9,148 million ($7,698 million at March 31, 2015) relating to individual cross-currency swap contracts that have a net foreign-exchange liability value, resulting in an overall cross-currency swap net liability revaluation of $8,391 million ($6,669 million at March 31, 2015).

(a) Market debt

The following table presents the contractual maturity of debt issues and interest rates by currency and type of instrument at gross value (in Canadian dollars) and the effective average annual interest rates as at March 31, 2016:

(in millions of dollars)

	Marketable bonds					Canada bills	Medium-term notes		
Maturing year	CAD	USD	Euro	Treasury bills	Retail debt[1]	USD	USD	Euro	Total
2017	77,191	3,939	—	138,100	864	4,748	519	—	225,361
2018	91,349	4,545	—	—	1,204	—	—	—	97,098
2019	42,123	3,917	—	—	1,793	—	325	—	48,158
2020	38,050	5	2,955	—	445	—	552	—	42,007
2021	40,467	—	—	—	368	—	746	222	41,803
2022 and subsequent	214,941	—	—	—	402	—	65	—	215,408
	504,121	12,406	2,955	138,100	5,076	4,748	2,207	222	669,835
Less: Government holdings of unmatured debt and consolidation adjustment[2]	53	56	—	—	—	—	—	—	109
Total market debt	504,068	12,350	2,955	138,100	5,076	4,748	2,207	222	669,726
Nature of interest rate[3]	Fixed[4]	Fixed	Fixed	Variable	Variable	Variable	Fixed and variable	Fixed	
Effective weighted average annual interest rates	2.49	1.25	3.50	0.50	0.67	0.43	0.76	0.15	
Range of interest rates	0.25 - 10.50	0.88 - 9.70	3.50	0.38 - 0.72	0.50 - 1.40	0.21 - 0.68	0.53 - 2.30	0.15	

Details can be found in Section 6 (unaudited) of this volume.

[1] Includes $3,612 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

[2] Includes $500 million of securities held for cancellation, $56 million of securities held for the retirement of unmatured debt, $5 million of securities held by consolidated Crown corporations and other entities and $452 million of borrowings by consolidated agent Crown corporations.

[3] Debt with terms to maturity of less than one year is considered to have a variable interest rate. For marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

[4] Includes real return bonds which have a variable component based on the consumer price index.

(b) Obligation related to capital leases

The total obligation related to capital leases as at March 31, 2016 is $3,477 million ($3,710 million in 2015). Interest on this obligation of $209 million ($209 million in 2015) is reported in the Consolidated Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

(in millions of dollars)

Year	2016
2017	540
2018	471
2019	459
2020	353
2021	297
2022 and subsequent	3,382
Total minimum lease payments	5,502
Less: imputed interest at the average discount rate of 5.63 per cent	2,025
Obligation related to capital leases	3,477

Details can be found in Section 6 (unaudited) of this volume.

A significant number of leases have a duration from inception that falls within the range of 10 to 25 years.

8. Public sector pensions and other employee and veteran future benefits

(a) Overview of benefit plans

i. Pension benefits

The Government sponsors a number of defined benefit pension plans covering substantially all the employees of the federal public service, as well as certain Public Service corporations as defined in the *Public Service Superannuation Act*, territorial governments, members of the Canadian Forces including the Reserve Force, members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament, including Senators. The public service, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans sponsored by the Government. In addition, some of the consolidated Crown corporations and other entities maintain their own defined benefit pension plans covering substantially all of their employees. In this note, the term "employees" is used in a general manner to apply to plan members of the different groups.

The defined benefit pension plans are designed to provide employees with a retirement income during their lifetime and, in the case of Government sponsored plans, are indexed to inflation. The indexation for Crown corporations and other entities pension plans varies depending on the specific plan. In the event of death, the pension plans also provide an income for a plan member's eligible survivors and dependants.

Pension benefits generally accrue as follows:

> For the three main public sector pension plans, pension benefits generally accrue based on a member's average earnings during the best five consecutive years of earnings and years of pensionable service. Plan members can accumulate up to a maximum of 35 years at a rate of two per cent per year of pensionable service. Pension benefits are coordinated with the Canada and the Quebec Pension Plan benefits.
>
> For the Canadian Forces—Reserve Force pension plan, pension benefits accrue based on total pensionable service and pensionable earnings over the service period.
>
> For the Members of Parliament retiring allowance plan, basic allowances accrue at a rate of three per cent per year of pensionable service multiplied by the average of the best five consecutive years of sessional indemnity and/or pensionable earnings up to a maximum of 75 per cent of the plan member's average sessional indemnity and/or pensionable earnings, as applicable. For service after December 31, 2015, retiring allowance benefits are coordinated with the Canada and the Quebec Pension Plan benefits at age 60. Members of Parliament are entitled to benefits after they have contributed to the plan for at least six years.
>
> For federally appointed judges, pension benefits do not have an explicit accrual rate. Instead, federally appointed judges may retire with a pension equivalent to two-thirds of the salary annexed to their office, once the member has completed 15 years of pensionable service and the sum of the member's age and years of service equals 80 or more.
>
> For the consolidated Crown corporations and other entities pension plans, the accrual of pension benefits varies depending on the terms of the plans; generally based on a combination of an accrual rate per years of pensionable service and pensionable earnings average as per plan terms. Some plans are closed to new entrants.

ii. Other future benefits

In addition to pension plans, the Government and the consolidated Crown corporations and other entities sponsor different types of future benefit plans, with varying terms and conditions. The benefits are available to employees during or after employment or upon retirement. Other future benefits include disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants, health care and dental benefits available to retired employees and their dependants, accumulated sick leave entitlements, severance benefits and workers ' compensation benefits.

(b) Financing arrangements

The Government has a statutory obligation to pay the pension benefits it sponsors. Pursuant to pension legislation, the transactions for funded and unfunded pension benefits are tracked in the pension accounts within the accounts of Canada. The details (unaudited) of the pension accounts can be found in Section 6 of this volume.

i. Funded pension benefits

The pension plans are generally financed from employee and employer contributions, as well as investment earnings. Pension benefits funded by the Government relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Forces—Reserve Force pension plan, as an amount equal to contributions less benefit payments and other charges is invested in capital markets through the Public Sector Pension Investment Board (PSPIB). Funded pension benefits also relate to consolidated Crown corporations and other entities where pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities.

ii. Unfunded pension benefits

For unfunded pension benefits, separate market invested funds are not maintained. These relate to all pre April 2000 service, and only to post March 2000 service that falls above the *Income Tax Act* limits for the three main public sector pension plans, all service periods for the pension plans of the federally appointed judges and Members of Parliament, and some of the consolidated Crown corporation and other entity pension plans. Employee and employer contributions for unfunded pension benefits sponsored by the Government are part of general government funds. Contributions amounted to $1,036 million ($247 million in 2015).

iii. Other future benefits

Other employee and veteran future benefit plans sponsored by the Government and almost all of the other employee future benefits sponsored by the consolidated Crown corporations and other entities are unfunded. The health care and dental plans for retired employees are contributory plans, whereby contributions by retired plan members are made to obtain coverage. These contributions amounted to $277 million in 2016 ($211 million in 2015). The cost of benefits earned and benefits paid are presented net of these contributions. Additional details can be found in Section 6 (unaudited) of this volume.

(c) Actuarial valuations

i. For funding purposes

Pursuant to the *Public Pensions Reporting Act*, actuarial valuations of the pension plans sponsored by the Government are performed at least every three years to determine the state of the pension plans, as well as to assist in making informed decisions regarding the financing of the Government's pension benefit obligations. The actuarial assumptions underlying the valuations are based on the actuary's best estimates.

The most recent triennial actuarial valuations were conducted as at March 31, 2014 for the public service pension plan; as at March 31, 2013 for the Canadian Forces—Regular Force, Canadian Forces—Reserve Force, the Members of Parliament and the federally appointed judges pension plans; and as at March 31, 2015 for the Royal Canadian Mounted Police pension plan, for which the valuation is currently in-progress.

Federally regulated private pension plans sponsored by consolidated Crown corporations and other entities are governed by the provisions of the *Pension Benefits Standards Act, 1985* and are required to adhere to the directives of the Superintendent of Financial Institutions. The actuarial valuations are conducted at least every three years, or more often depending on the financial situation of the plan.

ii. For accounting purposes

Actuarial valuations of the public sector pension and other employee and veteran future benefit plans are performed every year to measure and report the obligations and to attribute the costs of the benefits to the period. Actuarial valuations are conducted as at March 31, except for some of the consolidated Crown corporations and other entities for which the actuarial valuations are conducted as at December 31. The actuarial valuations are based on the most recent or any in-progress actuarial valuation for funding purposes, as applicable, in regards to the majority of the demographic assumptions. The other assumptions underlying the valuations are based on best estimates of the Government or of management of the consolidated Crown corporations and other entities.

(d) Changes to benefit plans

i. Plan amendments

In 2016, amendments were made to veteran future benefits thereby improving and expanding access for certain benefits. This includes the introduction of an individual assessment which measures the impact that service related impairment has on a veteran's future earnings potential and years left to serve to determine the appropriate Career Impact Allowance grade level, an increase of the maximum Disability Award benefit and the provision of retrospective payments to veterans who received a Disability Award since the introduction of the New Veterans Charter in 2006, an increase in the income replacement, before deductions, under the Earnings Loss Benefit, and an increase in the estate exemption for Funeral and Burial benefits. These amendments resulted in one-time past service costs of $3,750 million and the immediate recognition of a previously unrecognized net actuarial gain of $8 million. Amendments were also made to the pension plan of a Crown corporation resulting in a one-time past service cost of $19 million and the immediate recognition of a previously unrecognized net actuarial gain of $17 million.

In 2015, amendments to veteran future benefits resulted in one-time past service costs of $1,828 million and the immediate recognition of a previously unrecognized net actuarial gain of $69 million. An amendment to employee severance benefits resulted in a one-time past service cost of $3 million and the immediate recognition of a previously unrecognized net actuarial gain of $3 million.

ii. Plan curtailments

Beginning in 2011, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The curtailments this year resulted in the immediate recognition of a previously unrecognized net actuarial loss of $2 million (one-time past service cost reduction of $3 million and immediate recognition of a previously unrecognized net actuarial gain of $37 million in 2015), representing the portion related to the obligation for employees subject to the curtailments.

In 2015, former employees of Atomic Energy of Canada Limited (CANDU Reactor Division) ceased to be employed in the public service and became employed by SNC-Lavalin Group Inc. The impact of this curtailment was a one-time past service cost of $51 million and the immediate recognition of a previously unrecognized net actuarial gain of $6 million.

iii. Plan settlements

In 2016, payments of $63 million ($643 million in 2015) were made to employees affected by the curtailments of severance benefits who opted to cash out the full or partial value of their accumulated benefits. The settlements resulted in the immediate recognition of a previously unrecognized net actuarial loss of $28 million (one-time past service cost reduction of $49 million and immediate recognition of a previously unrecognized net actuarial gain of $101 million in 2015), representing the portion related to the obligation for employees subject to the settlements.

(e) Net future benefit liabilities

The accrued benefit obligations in respect of public sector pension and other employee and veteran future benefit plans are presented net of pension assets and unrecognized net actuarial gain or loss, as well as contributions and benefits paid by some of the consolidated Crown corporations and other entities after their measurement date of December 31 up to March 31, in the Consolidated Statement of Financial Position. The details are as follows:

i. Accrued benefit obligations

The changes in the accrued benefit obligations during the year were as follows:

(in millions of dollars)

	2016				2015			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Accrued benefit obligations at beginning of year	109,375	163,088	272,463	106,263	97,912	156,452	254,364	82,170
Benefits earned	6,510	297	6,807	4,452	6,332	270	6,602	2,844
Interest on average accrued benefit obligations	4,781	7,412	12,193	2,549	4,963	7,597	12,560	2,857
Benefits paid	(2,623)	(8,813)	(11,436)	(4,617)	(2,282)	(8,613)	(10,895)	(5,062)
Administrative expenses	(87)	(104)	(191)	(70)	(81)	(105)	(186)	(66)
Net transfers to other plans	(575)	(106)	(681)	-	(559)	(114)	(673)	-
Plan amendments	19	-	19	3,750	-	-	-	1,831
Plan curtailments	-	-	-	-	(40)	(11)	(51)	(3)
Plan settlements	-	-	-	-	-	-	-	(49)
Actuarial losses	661	3,891	4,552	8,363	3,130	7,612	10,742	21,741
Accrued benefit obligations at end of year	118,061	165,665	283,726	120,690	109,375	163,088	272,463	106,263

Details can be found in Section 6 (unaudited) of this volume.

ii. Pension assets

Pension assets include investments held by the PSPIB that are valued at market-related value; consolidated Crown corporations and other entities' investments, the majority of which are valued at fair value; and contributions receivable from employees for past service buyback elections.

The changes in pension assets during the year were as follows:

(in millions of dollars)

	2016		2015	
	Funded pension benefits	Other future benefits	Funded pension benefits	Other future benefits
Investments at beginning of year	110,760	3	92,913	5
Expected return on average value of investments	4,899	-	4,764	-
Contributions				
Employees	2,718	-	2,553	-
Public Service corporations, territorial governments and Crown corporations and other entities	360	1	420	1
Government	3,860	-	4,161	-
Benefits paid, transfers and others	(3,183)	(2)	(2,736)	(3)
Actuarial gains	2,278	-	8,685	-
Investments at end of year	121,692	2	110,760	3
Contributions receivable from employees for past service	601	-	587	-
Total pension assets at end of year	122,293	2	111,347	3

Details can be found in Section 6 (unaudited) of this volume.

No actuarial gain ($2,778 million in 2015) was incorporated in the market-related value of the investments to adjust for the limit of plus or minus 10 per cent in the difference between the market-related value and the market value of the investments at the end of the year.

At March 31, 2016, the market value of the investments is $126,561 million ($122,023 million in 2015). The actual rate of return of investments calculated on a time-weighted basis was 1.1 per cent (14.9 per cent in 2015) during the year.

iii. Net future benefit liabilities

A reconciliation of the accrued benefit obligations to the amounts of net future benefit liabilities follows:

(in millions of dollars)

	2016				2015			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Accrued benefit obligations	118,061	165,665	283,726	120,690	109,375	163,088	272,463	106,263
Less: Pension assets	122,293	-	122,293	2	111,347	-	111,347	3
Subtotal	(4,232)	165,665	161,433	120,688	(1,972)	163,088	161,116	106,260
Plus: Unrecognized net actuarial gain (less loss)	7,752	(18,557)	(10,805)	(35,005)	6,475	(16,147)	(9,672)	(30,118)
Less: Contributions after measurement date up to March 31	40	-	40	-	43	-	43	-
Less: Benefits paid after measurement date up to March 31	-	-	-	2	-	-	-	2
Net future benefit liabilities	3,480	147,108	150,588	85,681	4,460	146,941	151,401	76,140
The net future benefit liabilities were recognized and presented in the Consolidated Statement of Financial Position as follows:								
Public sector pension liabilities	5,119	147,108	152,227	-	5,723	146,941	152,664	-
Other employee and veteran future benefit liabilities	-	-	-	85,681	-	-	-	76,140
Total pensions and other future benefit liabilities	5,119	147,108	152,227	85,681	5,723	146,941	152,664	76,140
Less: Public sector pension assets	1,639	-	1,639	-	1,263	-	1,263	-
Net future benefit liabilities	3,480	147,108	150,588	85,681	4,460	146,941	151,401	76,140

Details can be found in Section 6 (unaudited) of this volume.

(f) Future benefit and interest expenses

The cost of public sector pension and other employee and veteran future benefit plans is comprised of benefit and interest expenses. Benefit expense of $16,648 million ($11,164 million in 2015) and interest expense of $9,843 million ($10,653 million in 2015) are included in the Consolidated Statement of Operations and Accumulated Deficit. More specifically, a benefit expense of $16,688 million ($11,144 million in 2015) is included in ministries expenses, an interest expense of $9,995 million ($10,748 million in 2015) is included in public debt charges and a balance of $192 million in benefit and interest expenses is included as a reduction ($75 million reduction in 2015) in Crown corporations' expenses. The components of the benefit and interest expenses are as follows:

(in millions of dollars)

	2016				2015			
	Pension benefits				Pension benefits			
	Funded	Unfunded	Total	Other future benefits	Funded	Unfunded	Total	Other future benefits
Benefit expense								
Benefits earned, net of employee contributions	3,586	239	3,825	4,452	3,561	211	3,772	2,844
Actuarial (gains) losses recognized during the year	(338)	1,481	1,143	3,454	98	901	999	2,037
Plan amendments	19	—	19	3,750	—	—	—	1,831
Plan curtailments	—	—	—	—	(40)	(11)	(51)	(3)
Plan settlements	—	—	—	—	—	—	—	(49)
Actuarial (gains) losses recognized following plan amendments, curtailments and settlements	(17)	—	(17)	22	(6)	—	(6)	(210)
Total	3,250	1,720	4,970	11,678	3,613	1,101	4,714	6,450
Interest expense								
Interest on average accrued benefit obligations	4,781	7,412	12,193	2,549	4,963	7,597	12,560	2,857
Expected return on average market-related value of investments	(4,899)	—	(4,899)	—	(4,764)	—	(4,764)	—
Total	(118)	7,412	7,294	2,549	199	7,597	7,796	2,857

Details can be found in Section 6 (unaudited) of this volume.

(g) Actuarial assumptions

The assumptions used in the actuarial valuations for accounting purposes are based on the Government's or the consolidated Crown corporations and other entities management's best estimates of expected long-term experience and short-term forecasts, as well as the majority of the demographic assumptions underlying the most recent or any in-progress actuarial valuations for funding purposes. The assumptions include estimates of future inflation, interest rates, returns on investments, general wage increases, workforce composition, retirement rates and mortality rates.

The discount rates used to measure the present value of the accrued benefit obligations, as well as the costs of benefits earned, plan amendments, plan curtailments, plan settlements and the interest expense, for public sector pensions and other employee and veteran future benefits sponsored by the Government are as follows:

for funded pension benefits, the streamed expected rates of return on invested funds;

for unfunded pension benefits, the streamed weighted average of Government of Canada long-term bond rates; and

for other future benefits, the expected Government of Canada long-term bond rate at the valuation date.

The streamed weighted average of Government of Canada long-term bond rates is a calculated 20-year weighted moving average of Government of Canada long-term bond rates projected over time. The streamed rates take into account historical Government of Canada long-term bond rates and, over time, reflect expected Government of Canada long-term bond rates.

The principal actuarial assumptions used in measuring the accrued benefit obligations as at March 31 for Government sponsored plans, as well as the related future benefit and interest expenses for the year, were as follows:

	2016		2015	
	Accrued benefit obligations	Benefit and interest expenses	Accrued benefit obligations	Benefit and interest expenses
Discount rates[1]				
Funded pension benefits	5.8%	4.2%	5.8%	4.9%
Unfunded pension benefits	3.9%	4.8%	4.2%	5.1%
Other employee and veteran future benefits	2.3%	2.4%	2.4%	3.5%
Expected rate of return on investments		4.2%		4.9%
Long-term rate of inflation	2.0%	2.0%	2.0%	2.0%
Long-term general wage increase	2.6%	2.6%	2.6%	2.6%
Assumed health care cost trend rates				
Initial health care cost trend rate	5.0%	4.5%	4.5%	4.6%
Cost trend rate is expected to stabilize at	4.8%	4.8%	4.8%	4.8%
Year that the rate is expected to stabilize	2026	2024	2024	2023

[1] The streamed discount rates used to measure the accrued benefit obligations are equivalent to the flat discount rates presented in the table. The initial discount rates used to measure the benefit expense are presented in the table whereas the ultimate discount rates are expected to reach 6.1 per cent by 2025 (6.1 per cent by 2022 in 2015) for the funded pension benefits and 4.7 per cent by 2041 (5.1 per cent by 2040 in 2015) for the unfunded pension benefits. The interest expense is calculated using the discount rates presented in the table.

The discount rates used to measure the significant classes of pensions and other employee future benefits sponsored by the consolidated Crown corporations and other entities are based on a variety of methodologies. To measure the present value of their accrued benefit obligations, these consolidated Crown corporations and other entities used expected rates of return on invested funds ranging from 5.2 per cent to 6.0 per cent (4.8 to 6.3 per cent in 2015) for the funded pension benefits, discount rates ranging from 2.0 per cent to 3.8 per cent (2.2 to 3.5 per cent in 2015) for the unfunded pension benefits and discount rates ranging from 2.0 per cent to 3.8 per cent (2.2 to 4.0 per cent in 2015) for the other employee future benefits. The long-term general wage increase ranged from 2.8 per cent to 3.8 per cent (2.8 to 4.3 per cent in 2015).

The expected average remaining service life (EARSL) of the employees represent periods ranging from 4 to 23 years (4 to 23 years in 2015) according to the plan in question; more specifically, from 11 to 15 years (11 to 15 years in 2015) for the three main public sector pension plans. The average remaining life expectancy (ARLE) of the benefit recipients under wartime veteran plans represent periods ranging from 6 years to 11 years (6 to 11 years in 2015).

(h) Sensitivity analysis

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligations. The table below illustrates the possible impact of a one per cent change in the principal actuarial assumptions. Note that for the sensitivity to the discount rates, the one per cent change was considered only for the future expected Government of Canada long-term bond rates and not for the historical Government of Canada long-term bond rates included in the determination of the streamed discount rates used to measure the unfunded pension benefits sponsored by the Government.

(in millions of dollars)

	2016			2015		
	Pension benefits			Pension benefits		
	Funded	Unfunded	Other future benefits	Funded	Unfunded	Other future benefits
Possible impact on the accrued benefit obligations due to:						
Increase of 1% in discount rates	(18,100)	(8,700)	(19,800)	(17,300)	(8,700)	(17,200)
Decrease of 1% in discount rates	23,900	9,600	27,200	22,500	9,100	23,500
Increase of 1% in rate of inflation	15,500	21,200	24,500	14,300	20,400	20,900
Decrease of 1% in rate of inflation	(12,800)	(17,600)	(18,300)	(11,800)	(17,000)	(15,700)
Increase of 1% in general wage increase	6,200	1,100	400	6,100	1,200	500
Decrease of 1% in general wage increase	(5,500)	(1,000)	(400)	(5,300)	(1,100)	(400)
Increase of 1% in assumed health care cost trend rates	—	—	8,800	—	—	7,500
Decrease of 1% in assumed health care cost trend rates	—	—	(6,400)	—	—	(5,400)

9. Other liabilities

Other liabilities include:

(in millions of dollars)

	2016	2015
Due to Canada Pension Plan	35	212
Others		
Government Annuities Account	134	150
Deposit and trust accounts	1,445	1,675
Other specified purpose accounts	3,988	3,965
	5,567	5,790
Total other liabilities	5,602	6,002

Details and the audited consolidated financial statements of the Canada Pension Plan can be found in Section 6 (unaudited) of this volume.

(a) Due to Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan (CPP) are not included in these consolidated financial statements.

The CPP is a federal/provincial social insurance program established by an Act of Parliament. It is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investments earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPPIB). As administrator of the CPP, the Government's authority to provide benefits is limited to the consolidated net assets of the CPP. At March 31, 2016, the fair value of the CPP's consolidated net assets is $283,575 million ($269,615 million in 2015).

Pursuant to the *Canada Pension Plan Act*, the transactions of the CPP are recorded in the Canada Pension Plan Account (the Account) within the accounts of Canada. The Account also tracks the amounts transferred to or received from the CPPIB. The $35 million ($212 million in 2015) balance in the Account represents the CPP's deposit with the Receiver General for Canada and, therefore, is reported as a liability to the CPP.

(b) Others

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt. One of the largest deposit and trust accounts is the Indian band funds account in the amount of $710 million ($835 million in 2015). This account was established to record funds belonging to Indian bands throughout Canada pursuant to the *Indian Act*.

Other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Certain accounts earn interest which is charged to interest on the public debt. The largest other specified purpose account is the Public Service Death Benefit Account totalling $3,527 million ($3,424 million in 2015). This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the public service.

10. Cash and cash equivalents

Cash and cash equivalents are as follows:

(in millions of dollars)

	2016	2015
Cash[1]	32,335	28,845
Cash equivalents	6,235	6,154
Total cash and cash equivalents	38,570	34,999

Details can be found in Section 7 (unaudited) of this volume.

[1] Included in cash is $20,000 million ($20,000 million in 2015) which has been designated as a deposit held at the Bank of Canada with respect to prudential liquidity management undertaken by the Government.

11. Taxes and other accounts receivable

Taxes receivable represent tax revenues that were assessed by year end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collectible through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The Government has established an allowance for doubtful accounts of $14,330 million ($13,138 million in 2015) and has recorded a bad debt expense of $3,833 million ($3,910 million in 2015). The allowance for doubtful accounts is management's best estimate of the collectability of amounts that have been assessed, including the related interest and penalties, but not yet paid. The allowance for doubtful accounts has two components. A general allowance is calculated based on the age and type of tax accounts using rates based on historical collection experience. A specific allowance is calculated based on an annual review of all accounts over $10 million. The allowance for doubtful accounts is adjusted every year through a provision for doubtful accounts and is reduced by amounts written off as uncollectible during the year. The annual provision is reported as a bad debt expense which is charged against other program expenses. The details of the taxes receivable and allowance for doubtful accounts are as follows:

(in millions of dollars)

	2016			2015		
	Total taxes receivable	Allowance for doubtful accounts	Net	Total taxes receivable	Allowance for doubtful accounts	Net
Income taxes receivable						
Individuals	60,869	6,997	53,872	55,150	6,660	48,490
Employers	19,569	1,135	18,434	17,652	1,052	16,600
Corporations	18,184	2,529	15,655	16,964	2,282	14,682
Non-residents	1,511	132	1,379	1,462	138	1,324
Goods and services tax receivable	17,959	2,962	14,997	18,248	2,785	15,463
Customs duties receivable	268	103	165	266	24	242
Excise taxes and duties receivable	1,818	472	1,346	1,895	197	1,698
Total	120,178	14,330	105,848	111,637	13,138	98,499

Details can be found in Section 7 (unaudited) of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year end, and cash collateral pledged to counterparties.

Billed or accrued financial claims arising from amounts owed to the Government total $6,304 million ($5,418 million in 2015) and are presented net of an allowance for doubtful accounts of $2,591 million ($2,220 million in 2015). Further details can be found in Section 7 (unaudited) of this volume.

Cash collateral pledged to counterparties of $6,557 million (nil in 2015) represents collateral support under International Swaps and Derivatives Association (ISDA) master agreements in respect of outstanding cross-currency swap arrangements. Further details can be found in Note 16.

12. Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2016, the fair value of the marketable securities held in the Exchange Fund Account is $87,347 million ($84,241 million in 2015), established using market quotes or other available market information. Further details on these investments are provided in the unaudited financial statements of the Exchange Fund Account in Section 8 of this volume.

Subscriptions and loans to the International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). The SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies (US dollar, Euro, Japanese yen and British pound sterling). Canada participates in two multi-lateral lending arrangements with the IMF along with a group of other member countries. Collectively, maximum direct lending under the multi-lateral arrangements is limited to no more than the equivalent of SDR 4,767 million ($8,722 million) at March 31, 2016.

The following table presents the balances of the foreign exchange accounts:

(in millions of dollars)

	2016	2015
International reserves held in the Exchange Fund Account		
Cash and cash equivalents		
US dollar	5,303	441
Euro	304	189
British pound sterling	114	48
Japanese yen	181	17
Total	5,902	695
Marketable securities		
US dollar	56,638	60,558
Euro	20,162	17,685
British pound sterling	7,534	2,405
Japanese yen	712	794
Total	85,046	81,442
Special drawing rights	10,431	9,818
Gold	-	6
Total international reserves held in the Exchange Fund Account	101,379	91,961
International Monetary Fund		
Subscriptions	20,170	11,129
Loans	1,278	1,353
Total	122,827	104,443
Less:		
International Monetary Fund		
Special drawing rights allocations	10,956	10,463
Notes payable	18,332	8,962
Total	29,288	19,425
Total foreign exchange accounts	93,539	85,018

Details can be found in Section 8 (unaudited) of this volume.

13. Crown corporations and other entities

Parent Crown corporations are included in the reporting entity of the Government. There are also a number of not-for-profit organizations and other government business enterprises that meet the definition of control for financial reporting purposes and are included in the reporting entity of the Government.

(a) Consolidated Crown corporations and other entities

Some Crown corporations and not-for-profit organizations rely on the Government for most of their financing and their financial activities are consolidated in these financial statements. The major consolidated Crown corporations are Atomic Energy of Canada Limited, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation, Canadian Commercial Corporation and VIA Rail Canada Inc. The major consolidated not-for-profit organizations are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. Detailed information on these consolidated entities is included in Section 4 (unaudited) of this volume.

(b) Enterprise Crown corporations and other government business enterprises

The remaining Crown corporations are government business enterprises able to raise substantial portions of their revenues through commercial business activity and are therefore considered self-sustaining. These Crown corporations are referred to as enterprise Crown corporations. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada.

In addition, there are a number of self-sustaining government business enterprises that are not Crown corporations but which are controlled by the Government. These are referred to as other government business enterprises and include various Canada Port Authorities. Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method.

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

(in millions of dollars)

	2016	2015
Investments		
Canada Mortgage and Housing Corporation	19,939	18,733
Export Development Canada	8,889	8,527
Farm Credit Canada	5,354	4,855
Business Development Bank of Canada	5,323	4,745
Canada Port Authorities	2,710	2,521
Canada Deposit Insurance Corporation	2,116	1,801
Canada Development Investment Corporation	461	3,880
Canada Post Corporation	(2,157)	(2,277)
Other	845	1,023
Total investments	43,480	43,808
Loans and advances		
Farm Credit Canada	23,438	22,691
Business Development Bank of Canada	16,942	15,676
Canada Mortgage and Housing Corporation	10,531	10,708
Other	340	333
Total loans and advances	51,251	49,408
Less		
Loans expected to be repaid from future appropriations	3,571	3,792
Unamortized discounts and premiums	44	49
	3,615	3,841
Total loans, investments and advances to enterprise Crown corporations and other government business enterprises	91,116	89,375

Details can be found in Section 9 (unaudited) of this volume.

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

(in millions of dollars)

	2016			2015		
	Third Parties	Government, Crown corporations and other entities	Total	Third Parties	Government, Crown corporations and other entities	Total
Assets						
Financial assets	376,128	101,099	477,227	352,984	103,664	456,648
Non-financial assets	8,907		8,907	9,180		9,180
Total assets	385,035	101,099	486,134	362,164	103,664	465,828
Liabilities	367,154	74,878	442,032	349,723	71,735	421,458
Equity of Canada as reported			44,102			44,370
Elimination adjustments			(622)			(562)
Equity of Canada			43,480			43,808
Revenues	26,296	4,319	30,615	27,247	4,467	31,714
Expenses	21,630	1,534	23,164	20,916	2,402	23,318
Profit as reported			7,451			8,396
Adjustments and others			(135)			(31)
Profit			7,316			8,365
Other changes in equity						
Other comprehensive loss			(2,669)			(2,360)
Dividends[1]			(4,002)			(2,341)
Capital[2]			(973)			(1,030)
Other adjustments						(143)
			(328)			2,491
Equity of Canada at beginning of year			43,808			41,317
Equity of Canada at end of year			43,480			43,808
Contractual obligations			47,222			47,555
Contingent liabilities			2,957			2,503

Details can be found in Section 9 (unaudited) of this volume.

[1] Amounts reported as dividends include $2,140 million ($1,041 million in 2015) from Canada Development Investment Corporation, $1,114 million ($1,100 million in 2015) from the Bank of Canada and $500 million (nil in 2015) from Export Development Canada.

[2] Amounts reported as capital include a return of capital of $1,123 million ($1,030 million in 2015) from Canada Development Investment Corporation and a purchase of common shares of $150 million (nil in 2015) from Business Development Bank of Canada.

(c) Non-public property

Non-public Property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Morale and Welfare Services (CFMWS). The CFMWS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Administration Act*. The Government provides some services related to NPP activities such as accommodation and security for which no amount is charged. The cost of providing these services is included in the consolidated financial statements of the Government of Canada. In 2016, CFMWS administered estimated revenues and expenses of $303 million ($327 million in 2015) and $301 million ($294 million in 2015) respectively and had net equity of $740 million at March 31, 2016 ($708 million at March 31, 2015). These amounts are excluded from the consolidated financial statements of the Government of Canada.

14. Other loans, investments and advances

The following table presents a summary of the balances of other loans, investments and advances by category:

(in millions of dollars)

	2016	2015
National governments, including developing countries and international organizations		
National governments including developing countries	966	988
International organizations	21,161	20,189
Total	22,127	21,177
Other loans, investments and advances		
Provincial and territorial governments	419	1,112
Other loans, investments and advances	29,671	28,324
Total	30,090	29,436
Total	52,217	50,613
Less: allowance for valuation	27,376	26,307
Total other loans, investments and advances	24,841	24,306

Details can be found in Section 9 (unaudited) of this volume.

The following table presents a summary of the balances of other loans, investments and advances by currency:

(in millions of dollars)

	2016			2015
	Loans, investments and advances in base currency	Foreign exchange rate	Loans, investments and advances in CAD	Loans, investments and advances in CAD
Canadian dollar	46,756		46,756	45,253
US dollar	3,978	1.29870	5,166	5,222
Special drawing rights	149	1.82963	273	119
Various other currencies			22	19
Total			52,217	50,613

Loans to national governments consist mainly of loans for financial assistance totalling $400 million ($400 million in 2015), international development assistance to developing countries totalling $155 million ($164 million in 2015), and development of export trade totalling $411 million ($424 million in 2015) which are administered by Export Development Canada. Certain loans are non-interest bearing and others bear interest at rates varying from 0.1 per cent to 10.3 per cent. These loans are repayable over 1 to 30 years, with final instalments due in 2045.

Loans, investments and advances to international organizations include subscriptions to the share capital of international banks totalling $13,191 million ($12,654 million in 2015) as well as loans and advances to associations and other international organizations totalling $7,970 million ($7,536 million in 2015). These subscriptions are composed of both paid-in and callable capital. They do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms.

Loans to provinces and territories include loans made under relief acts and other legislation. Loans totalling $416 million ($789 million in 2015) are non-interest bearing and will be repaid by reducing transfer payments over 1 to 10 years.

Other loans, investments and advances include loans under the Canada Student Loans Program, loans for the development of export trade administered by Export Development Canada, unconditionally repayable contributions, and other investments in bonds, market funds and fixed income securities. Loans under the Canada Student Loans Program of $18,235 million ($17,519 million in 2015) are provided interest-free to full-time students and afterward bear interest at either a variable prime rate plus 2.5 per cent or a fixed prime rate plus 5.0 per cent. The repayment period is generally 10 years. Loans for the development of export trade of $2,667 million ($2,772 million in 2015) are either non-interest bearing or bear interest at rates varying from 1.0 per cent to 9.0 per cent. Collateral of $291 million ($259 million in 2015) is held on these loans and they are repayable over 1 to 7 years with final instalments due in 2022. At March 31, 2016, unconditionally repayable contributions were $3,431 million ($2,280 million in 2015) and other investments were $2,651 million ($2,991 million in 2015).

15. Tangible capital assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. Tangible capital assets include: land; buildings; works and infrastructure; machinery and equipment including computer hardware and software; vehicles including ships, aircraft and others; leasehold improvements; and assets under construction. Tangible capital assets also include assets under capital lease. Renewal options for assets under capital leases are typically for periods of 3 to 5 years and are exercisable at the discretion of the lessee. Detailed information on tangible capital assets is provided in Section 10 (unaudited) of this volume.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	10 to 60 years
Works and infrastructure[1]	10 to 80 years
Machinery and equipment	2 to 30 years
Vehicles	2 to 40 years
Leasehold improvements	lesser of useful life of improvement or lease term
Assets under construction	once in service, in accordance with asset type
Assets under capital leases	in accordance with asset type or over the lease term

[1] Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

(in millions of dollars)

	Cost					Accumulated amortization						
	Opening balance	Acquisitions	Disposals	Adjustments[1]	Closing balance	Opening balance	Amortization expense	Disposals	Adjustments	Closing balance	Net book value 2016	Net book value 2015
Land	1,605	56	(18)	22	1,665						1,665	1,605
Buildings	29,350	73	(156)	1,311	30,578	14,936	819	(120)	(6)	15,629	14,949	14,414
Works and infrastructure	14,549	150	(131)	504	15,072	8,276	424	(83)	21	8,638	6,434	6,273
Machinery and equipment	34,925	564	(1,287)	1,383	35,585	25,612	1,755	(940)	(693)	25,734	9,851	9,313
Vehicles	37,623	443	(406)	3,371	41,031	23,388	1,617	(279)	(62)	24,664	16,367	14,235
Leasehold improvements	3,116	26	(128)	110	3,124	1,910	188	(120)	(25)	1,953	1,171	1,206
Assets under construction	13,359	6,641[2]	(71)	(7,355)	12,574						12,574	13,359
Assets under capital leases	4,861	62[2]	(27)	69	4,965	1,919	246	(27)	[3]	2,138	2,827	2,942
Total	139,388	8,015	(2,224)	(585)	144,594	76,041	5,049	(1,569)	(765)	78,756	65,838	63,347

[1] Adjustments include assets under construction of $6,952 million that were transferred to other categories upon completion of the assets.

[2] Acquisitions of $574.4 million in assets under construction through public-private partnership arrangements (including $17.7 million in interest) and assets under capital leases do not involve the use of cash and are therefore excluded from the Consolidated Statement of Cash Flow.

[3] Less than $500,000.

16. Financial instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

(a) Derivative financial instruments

i. Swap agreements

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into cross currency swap agreements to facilitate management of its debt structure. Using cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government'sswap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

Effective June 2015, the Government implemented two-way Credit Support Annex agreements for cross currency swaps with certain counterparties pursuant to International Swaps and Derivatives Association (ISDA) master agreements. Under the terms of those agreements, the Government may be required to pledge and/or receive eligible collateral relating to obligations to the counterparties. In the normal course of business, these pledged collateral amounts (which may include cash and/or securities) will be returned to the pledgor when there are no longer any outstanding obligations. At March 31, 2016, cash collateral pledged of $6,557 million is recorded in other accounts receivable, and cash collateral received of $128 million is recorded in other liabilities. In addition, the Government holds collateral in securities from counterparties with a nominal amount of $1,572 million (fair value of $2,017 million), which has not been recognized in the statement of financial position as the Government does not obtain economic ownership unless the pledgor defaults.

Cross currency swaps with contractual principal amounts outstanding at March 31, stated in Canadian dollars, are as follows:

(in millions of dollars)

Maturing year	2016
2017	5,379
2018	5,879
2019	7,011
2020	7,485
2021	11,405
2022 and subsequent	34,705
Total	71,864

ii. Foreign-exchange forward agreements

The Government's lending arrangements with the IMF, included in the foreign exchange accounts, are denominated in SDRs. However, the Government typically funds these loans with US dollars. Consequently, since the value of the SDR is based upon a basket of key international currencies (US dollar, Euro, Japanese yen and British pound sterling), a currency mismatch results, whereby fluctuations in the value of the loan asset are not equally offset by fluctuations in the value of the related funding liability. Therefore, the Government enters into forward agreements to hedge this foreign exchange risk.

Unrealized gains or losses due to fluctuations in the foreign exchange value of these agreements are recorded in accounts payable and accrued liabilities and are recognized as part of the net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The notional principal amount of a foreign-exchange forward agreement refers to the principal amount used to calculate contractual cash flows. This amount does not represent an asset or liability, and is not included in the Consolidated Statement of Financial Position. Foreign-exchange forward agreements outstanding at March 31, with notional principal amounts in Canadian dollars of $1,359 million ($1,572 million at March 31, 2015), mature during the next fiscal year.

iii. Credit risk related to swap and foreign-exchange forward agreements

The Government manages its exposure to credit risk by dealing principally with financial institutions having credit ratings from at least two recognized rating agencies, one of which must be Standard & Poor's or Moody's. At the time of inception of the agreement, the credit rating of the institution must be at least A-.

Credit risk is also managed through collateral provisions in swap and foreign-exchange forward agreements. Collateral pledged by counterparties to the Government may be liquidated in the event of default to mitigate credit losses.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap and foreign-exchange forward agreements.

The following table presents the contractual or notional principal amounts of the swap and foreign-exchange forward agreements organized by credit ratings based on published Standard & Poor's credit ratings and stand-alone credit profiles at year end:

(in millions of dollars)

Credit ratings	2016	2015
A+	21,854	17,774
A	18,980	14,040
A-	29,786	26,518
BBB+		4,765
BBB	2,603	1,566
Total	73,223	64,663

(b) Managing foreign currency risk and sensitivity analysis to foreign currency exposures

Interest rate and foreign currency risks are managed using a strategy of matching the duration and the currency of the foreign exchange accounts assets and the related foreign currency borrowings of the Government. At March 31, 2016, assets within the foreign exchange accounts and their related foreign currency borrowings substantially offset each other on a market value basis. Accordingly, the impact of price changes affecting these assets and the liabilities funding these assets naturally offset each other, resulting in no significant impact to the Government's net debt.

Assets related to the IMF are only partially matched by related foreign currency borrowings as they are denominated in SDRs, however, foreign-exchange risks relating to loans to the IMF have been managed through entering into various foreign-exchange forward agreements.

The majority of the government foreign currency assets and related liabilities are held in four currency portfolios: the US dollar, the Euro, the British pound sterling and the Japanese yen. At March 31, 2016, a one per cent appreciation in the Canadian dollar as compared to the US dollar, the Euro, the British pound sterling and the Japanese yen would result in a foreign exchange loss of $2 million due to the exposure of the US dollar portfolio, a foreign exchange loss of $2 million due to the exposure of the Euro portfolio and a foreign exchange gain of $2 million due to the exposure of the British pound sterling. There is no significant exposure related to the Japanese yen portfolio.

The net foreign exchange gain included in net foreign exchange revenues, other program revenues and other program expenses on the Consolidated Statement of Operations and Accumulated Deficit amounts to $269 million (net foreign exchange gain of $452 million in 2015).

(c) Fair value information

The carrying values of other accounts payable and accrued liabilities, interest and matured debt, cash and cash equivalents, other accounts receivable and other loans, investments and advances are assumed to approximate their fair values due to their short-term to maturity or allowances recorded to reduce their carrying values to amounts that approximate their estimated realizable values.

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

(in millions of dollars)

	2016		2015	
	Principal amount	Fair value	Principal amount	Fair value
Cross currency swaps	71,864	(7,196)	63,091	(5,756)
Foreign-exchange forward agreements	1,359	(47)	1,572	128
Total	73,223	(7,243)	64,663	(5,628)

Fair values of the swap and foreign-exchange forward agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap and foreign-exchange forward agreements, calculated from the contractual or notional principal amounts, using year-end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31.

17. Contractual obligations

The nature of government activities results in large multi-year contracts and agreements, including international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations[1]	Total
2017	15,794	9,458	374	1,847	27,473
2018	9,173	8,358	354	758	18,643
2019	6,043	9,338	331	552	16,264
2020	4,406	9,303	287	356	14,352
2021	2,086	6,445	258	101	8,890
2022 and subsequent	1,666	16,704	1,237	1,116	20,723
Total	39,168	59,606	2,841	4,730	106,345

[1] Includes transfer payments, undisbursed loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), if any, which Canada has agreed to disburse in the future. Future paid-in share capital commitments made by Canada for future purchases of non-budgetary share capital in international organizations are also included.

18. Contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into contingent liabilities related to: guarantees provided by the Government, international organizations, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations.

(a) Guarantees provided by the Government

At March 31, 2016, the principal amount outstanding for guarantees provided by the Government amount to $490,557 million ($442,904 million in 2015) for which an allowance of $312 million ($317 million in 2015) has been recorded under the Other Accounts Payable and Accrued Liabilities in the Consolidated Statement of Financial Position. The authorized limit, where applicable, is established at $357,360 million ($356,950 million in 2015) for an amount of $224,095 million ($188,901 million in 2015) of guarantees provided by the Government. The amount of guarantees with no authorized limit is established at $266,462 million ($254,003 million in 2015). Guarantees provided by the Government include guarantees on the borrowings of enterprise Crown corporations and other government business enterprises, loan guarantees, insurance programs managed by the Government, and other explicit guarantees. Of the total amount guaranteed, $266,434 million ($253,049 million in 2015) relates to guarantees on the borrowings of agent enterprise Crown corporations for which no authorized limit has been set and no allowance (nil in 2015) has been recorded.

(b) International organizations

The Government has callable share capital in certain international organizations that could require payments to those agencies. As at March 31, 2016, callable share capital amounts to $31,041 million ($30,601 million in 2015).

(c) Claims and pending and threatened litigation

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Government has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made, it has been recorded under the Accounts Payable and Accrued Liabilities in the Consolidated Statement of Financial Position. Claims and litigation for which the outcome is not determinable and for which an amount has not been accrued, are estimated at approximately $8,679 million ($8,304 million in 2015) which is based on management's best estimate determined on a case by case basis. Certain large and significant claims are described below:

Comprehensive land claims: Comprehensive land claims arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means. There are currently 76 (80 in 2015) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability of $5,158 million ($4,840 million in 2015) is estimated for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Specific claims: Specific claims deal with the past grievances of First Nations related to Canada's obligations under historic treaties or the way it managed First Nations' funds or other assets. The Government of Canada will pursue a settlement agreement with the First Nation when a claim demonstrates an outstanding lawful obligation. There are currently 503 (456 in 2015) specific claims under negotiation, accepted for negotiation or under review. A liability of $4,531 million ($3,458 million in 2015) is estimated for claims that have progressed to a point where quantification is possible. This estimate includes projections based on historical rates and costs of settlement for similar claims.

Assessed taxes under objection or appeal: Contingent liabilities include previously assessed taxes where amounts are under objection or are being appealed to the Tax Court of Canada, the Federal Court of Canada, or the Supreme Court of Canada. As of March 31, 2016, $21,915 million ($22,987 million for 2015) was under objection at the Government level and $7,035 million ($5,450 million for 2015) was being appealed to the courts. The Government has recorded, in the amounts payable to taxpayers or in reduction of the amounts receivable from taxpayers, as applicable, the estimated amount of objections or appeals that are considered likely to be lost and that can be reasonably estimated.

(d) Insurance programs of agent enterprise Crown corporations

Four agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to $100,000 deposited with each member bank, trust or loan company; the Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; Export Development Canada provides export and foreign investment insurance to help with export trade; and Farm Credit Canada sells group creditor life and accident insurance to its customers through a program administered by a major insurance provider. At March 31, 2016, total insurance in force amounts to $1,672,619 million ($1,671,666 million in 2015). The Government expects that all four corporations will cover the cost of both current claims and possible future claims.

Further details on contingent liabilities can be found in Section 11 (unaudited) of this volume.

19. Segmented information

The Government segmented information is based on the ministry structure, which groups the activities of departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 13. The five main ministries are reported separately and the others are grouped together with the provision for valuation and other items. The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. Inter-segment transfers are measured at the exchange amount. The following tables present the segmented information by Ministry and Crown corporations and other entities before the elimination of internal transactions that are eliminated in the Adjustments column before arriving at the total for the year ended March 31:

(in millions of dollars)

	2016								
	Families, Children and Social Development	Finance	National Defence	National Revenue	Public Safety and Emergency Preparedness	Other ministries	Crown corporations and other entities	Adjust-ments[1]	Total
Revenues									
Tax revenues									
Income tax revenues	–	–	–	192,846	–	–	–	–	192,846
Other taxes and duties	–	–	–	19,218	30,587	–	–	–	49,805
Total tax revenues	*–*	*–*	*–*	***212,064***	***30,587***	*–*	*–*	*–*	***242,651***
Employment insurance premiums	***23,491***	*–*	*–*	*–*	*–*	*–*	*–*	***(421)***	***23,070***
Other revenues									
Crown corporations	–	–	–	–	–	–	16,945	(4,485)	12,460
Other programs	2,667	722	576	4,912	2,336	10,727	549	(7,539)	14,950
Net foreign exchange	–	2,322	–	–	–	–	–	–	2,322
Total other revenues	***2,667***	***3,044***	***576***	***4,912***	***2,336***	***10,727***	***17,494***	***(12,024)***	***29,732***
Total revenues	***26,158***	***3,044***	***576***	***216,976***	***32,923***	***10,727***	***17,494***	***(12,445)***	***295,453***
Expenses									
Transfer payments									
Old age security benefits, guaranteed income supplement and spouse's allowance	45,461	–	–	–	–	–	–	–	45,461
Major transfer payments to other levels of government	–	63,877	–	–	–	1,973	–	–	65,850
Employment insurance benefits	19,419	–	–	–	–	–	–	–	19,419
Children's benefits	7,516	–	–	10,509	–	–	–	–	18,025
Other transfer payments	6,465	512	152	3,701	620	23,115	486	(177)	34,874
Total transfer payments	***78,861***	***64,389***	***152***	***14,210***	***620***	***25,088***	***486***	***(177)***	***183,629***
Other program expenses									
Crown corporations	–	–	–	–	–	–	8,589	(231)	8,358
Ministries	4,584	501	28,826	8,251	10,622	37,796	312	(12,034)	78,858
Total other program expenses	***4,584***	***501***	***28,826***	***8,251***	***10,622***	***37,796***	***8,901***	***(12,265)***	***87,216***
Total program expenses	***83,445***	***64,890***	***28,978***	***22,461***	***11,242***	***62,884***	***9,387***	***(12,442)***	***270,845***
Public debt charges	*–*	***25,306***	***88***	*–*	***1***	***203***	*–*	***(3)***	***25,595***
Total expenses	***83,445***	***90,196***	***29,066***	***22,461***	***11,243***	***63,087***	***9,387***	***(12,445)***	***296,440***

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

Certain comparative figures have been reclassified to conform to the current Government structure.

[1] Represents consolidation adjustments to eliminate internal transactions.

(in millions of dollars)

	2015								
	Families, Children and Social Development	Finance	National Defence	National Revenue	Public Safety and Emergency Preparedness	Other ministries	Crown corporations and other entities	Adjust-ments[1]	Total
Revenues									
Tax revenues									
Income tax revenues	–	–	–	181,406		–	–		181,406
Other taxes and duties	–	–	–	18,137	29,045	–	–		47,182
Total tax revenues	*–*	*–*	*–*	***199,543***	***29,045***	*–*	*–*	*–*	***228,588***
Employment insurance premiums	***22,962***	*–*	*–*	*–*	*–*	*–*	*–*	***(398)***	***22,564***
Other revenues									
Crown corporations		–	–	–	–	–	17,730	(4,250)	13,480
Other programs	2,636	885	630	5,061	2,244	11,578	519	(7,194)	16,359
Net foreign exchange		1,355							1,355
Total other revenues	***2,636***	***2,240***	***630***	***5,061***	***2,244***	***11,578***	***18,249***	***(11,444)***	***31,194***
Total revenues	***25,598***	***2,240***	***630***	***204,604***	***31,289***	***11,578***	***18,249***	***(11,842)***	***282,346***
Expenses									
Transfer payments									
Old age security benefits, guaranteed income supplement and spouse's allowance	44,103		–	–	–	–	–	–	44,103
Major transfer payments to other levels of government		61,136	–	–		1,973			63,109
Employment insurance benefits	18,052	–	–	–	–				18,052
Children's benefits	3,931	–		10,372	–	–	–		14,303
Other transfer payments	6,292	920	136	3,350	204	23,905	487	(168)	35,126
Total transfer payments	***72,378***	***62,056***	***136***	***13,722***	***204***	***25,878***	***487***	***(168)***	***174,693***
Other program expenses									
Crown corporations				–	–	–	7,951	(361)	7,590
Ministries	4,306	726	23,837	8,372	10,077	35,264	284	(11,308)	71,558
Total other program expenses	***4,306***	***726***	***23,837***	***8,372***	***10,077***	***35,264***	***8,235***	***(11,669)***	***79,148***
Total program expenses	***76,684***	***62,782***	***23,973***	***22,094***	***10,281***	***61,142***	***8,722***	***(11,837)***	***253,841***
Public debt charges	*–*	***26,330***	***68***	*–*	***1***	***200***	*–*	***(5)***	***26,594***
Total expenses	***76,684***	***89,112***	***24,041***	***22,094***	***10,282***	***61,342***	***8,722***	***(11,842)***	***280,435***

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

Certain comparative figures have been reclassified to conform to the current Government structure.

[1] Represents consolidation adjustments to eliminate internal transactions.

Observations of the Auditor General of Canada on the Consolidated Financial Statements of the Government of Canada
For the Year Ended 31 March 2016

Our opinion provides assurance that the Government of Canada is properly reporting its overall financial performance to Parliament and to Canadians. Reporting the Government's financial results requires significant effort by public servants. Staff in individual departments and central agencies work together to prepare the Government's consolidated financial statements. For the 18th consecutive year, we have expressed an unmodified audit opinion on the consolidated financial statements, and we thank those involved for their assistance and for the cooperation extended to my Office during the audit.

The purpose of these observations is to comment on matters that we would like to bring to Parliament's attention.

Transformation of Pay Administration

The Government is transforming the administration of the pay of Public Service employees. As part of this multi-year initiative, it has consolidated some of its pay services in one location and replaced its 40-year old pay system. In 2012, the Government began the four year process of consolidating the work of compensation advisors from various departments to a new pay centre in Miramichi. By the end of April 2016, the administration of payroll had been transferred for about 200,000 of the Government's employees, with almost half of these transfers occurring during the fiscal year that ended on 31 March 2016. In addition, in February 2016, the Government implemented a new pay system, Phoenix, across 34 departments (120,000 employees), and in April 2016 for the remaining 67 departments (170,000 employees).

As part of our annual audit of the consolidated financial statements, we test pay and benefits, which together represent one of the Government's largest expenses. This year, we found payment errors, however, because the transformation initiative was only partially implemented before the end of the fiscal year, the impact of these errors was not material to the consolidated financial statements. We have concluded that the payroll expense and related accruals are presented fairly in the Government's 2015–2016 consolidated financial statements. The errors we noted were overpayments and underpayments of portions of employee pay attributable to input errors and to delays in processing changes in employees' work arrangements, such as eligibility for a bilingualism bonus and changes in shift-work hours. We also noted instances in which several entries were required to adjust employee pay.

A project of this size and complexity usually comes with challenges and during our audit we found several areas of concern related to the transformation of pay administration. We found that between March 2015 and March 2016, the number of outstanding pay action requests increased proportionally more than the increase in the number of employees' pay accounts processed at the pay centre. Moreover, we noted that this backlog grew significantly between March and July 2016, after the transition to Phoenix. The Government is projecting that the current backlog will not be fully resolved until more than half way through the 2016–2017 fiscal year. In our view, the extent of errors and delays in processing corrections to employee pay and other pay actions that we identified in our audit is not acceptable given the direct effect on employees. We have not yet assessed the implications on next year's financial statement audit. However, we encourage the Government to continue its efforts and quickly address the identified weaknesses in pay administration, in order to pay employees the right amount, on time.

In addition to our annual audit of the Government's 2016–2017 consolidated financial statements, and the follow up on these Observations, we have also decided to undertake a performance audit of the Transformation of Pay Administration Initiative. We are currently planning the scope of that audit.

Management estimates—selecting discount rates

The establishment of reasonable estimates has a direct effect on the quality of the financial information used for decision making. The consolidated financial statements are a source of this information for Parliament and Canadians. Financial Statements are useful to assess the ability of the Government to meet financial obligations and its capacity to maintain current services and to finance new programs. Note 1—Summary of significant accounting policies in the consolidated financial statements provides more information about the sources of measurement uncertainty.

For 2016, we determined that the Government's significant estimates and underlying assumptions are within the reasonable range permitted by the Public Sector Accounting Standards. The discount rate selected by management is an important assumption for many estimates. Discount rates are used in establishing the values of several liabilities, especially long-term ones and can have a significant impact on the valuation of these liabilities. In our view, certain rates determined by the Government to value significant long-term liabilities are at the higher end of the acceptable range, when compared with market trends. Using a higher discount rate yields a lower estimate for long-term liabilities.

Example—Sensitivity to the discount rate of accrued benefit obligations of unfunded pensions

The estimated amount of accrued benefit obligations is very sensitive to changes in the discount rate. For example, in 2016, as indicated in Note 8—Public sector pensions and other employee and veteran future benefits in the consolidated financial statements, the discount rate used in measuring the accrued benefit obligations of the unfunded pension benefits sponsored by the Government was set at 3.9 per cent. A decrease of 1 per cent in the discount rate would have increased the obligations by $9,600 million.

We support the Government's ongoing project to update the methodology used to determine discount rates. Within the requirements of the Public Sector Accounting Standards, we recommend that the Government consider industry practices in both the public and private sectors, emerging changes in standards and trends in the Canadian financial market. There should also be consistency, when relevant, in the methods and data used to develop other assumptions that the Government makes in the preparation of the consolidated financial statements. As the Government finalizes this project, it should validate its estimates by comparing with actual experience, and adjust as needed.

National Defence—Inventory

National Defence's inventory is important to the consolidated financial statements because it is valued at $6.2 billion and represents 86 per cent of the Government's total inventory.

We have been reporting on National Defence's challenges in properly recording and valuing inventory for 13 years, since the Government of Canada first recorded inventory in its consolidated financial statements. Last year, we noted the Department's progress with inventory quantity issues and recommended that the Department place more attention on pricing and obsolescence issues. Again this year, we found that National Defence's inventories were overstated by hundreds of millions of dollars.

National Defence's inventory has characteristics that make it harder to resolve its accounting problems. There are hundreds of thousands of types of inventory items. National Defence has undertaken various manual exercises to try to improve its accounting, but the sheer volume means that the progress of these manual activities is slow in relation to the volume of inventory that the Department must review.

Issues identified during our audits over the years are caused by a combination of quantity errors, failure to write-off obsolete items, pricing errors, and misclassification between inventory and asset-pooled items.

Quantity. The Department has expanded its counts of inventory over recent years. Inventory is counted through a cyclical, risk-based approach. We continue to find some quantity errors, but the magnitude, in recent years, is not as significant as previously found.

Obsolescence. One of the causes of obsolescence errors is situations in which the Department has removed a fleet or type of equipment from service but has not removed the related inventory from its records. A best practice would be to review all inventory items annually and remove those that are no longer needed or used. However inventory volumes make such reviews lengthy. We found obsolescence errors again this year.

Pricing. Inventory includes parts for the Department's various fleets and equipment that can be decades old. Given the age of many of these items, records are not always available to support values. Moreover, given the volume of purchases each year, input errors can occur. We continue to find pricing errors in inventory.

Classification. Asset-Pooled Items are major spare parts used to repair or maintain fleets and equipment. It can be difficult to differentiate between Asset-Pooled Items and inventory. Proper identification matters because Asset-Pooled Items and inventory have different accounting treatments. Again this year, we found classification errors in this area which contributed to the overstatement of the Department's inventory.

This year, National Defence developed and implemented a new and automated methodology to analyze inventory pricing and obsolescence. As a result, the Department recorded an allowance, which reduced the recorded value of inventory by $131 million. This approach is innovative but, in our view, the issues are still not fully resolved. National Defence should continue to refine its analysis and methodology to further improve the allowance calculation.

National Defence is making some progress. Still, the Department must continue its efforts to ensure that inventory is properly recorded in the consolidated financial statements. In June 2016, the House of Commons' Standing Committee on Public Accounts recommended that by 30 September 2016 National Defence report back to the Committee with an action plan to record and value its inventory properly.

Liability for contaminated sites

As at 31 March 2016, the Government has a total financial liability of about $6.3 billion for the estimated costs to remediate contaminated sites. Unless appropriately mitigated, contaminated sites can pose a hazard to human health and the environment, and their remediation could entail significant financial costs for the federal government.

Last year, we recommended that the Government develop better processes to refine the accounting estimates and record the liabilities associated with contaminated sites at earlier stages of investigation. To address our recommendation, the Government developed a model to estimate liabilities for sites that are at an earlier stage of investigation. Using historical data for similar sites, the model is designed to predict how many sites that have no liability within a particular class will progress to remediation and what the projected remediation and monitoring costs could be for that class. We found that the model used the data appropriately and performed its calculations accurately. We are satisfied that the Government has addressed last year's recommendation.

Section 3

2015–2016

Public Accounts of Canada

Revenues, expenses and accumulated deficit

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Revenues, expenses and accumulated deficit

This section provides information on the revenues, expenses and accumulated deficit of the Government as summarized in Table 3.1.

A narrative description is provided for certain accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

Table 3.1
Revenues, expenses and accumulated deficit

(in millions of dollars)

	2015–2016	2014–2015
Revenues		
Tax revenues, Table 3.2	242,651	228,588
Employment insurance premiums	23,070	22,564
Other revenues, Table 3.4	29,732	31,194
Total revenues	**295,453**	**282,346**
Expenses		
Transfer payments	183,629	174,693
Other program expenses	87,216	79,148
Total program expenses	***270,845***	***253,841***
Public debt charges, Table 3.8	25,595	26,594
Total expenses, Table 3.6	**296,440**	**280,435**
Annual (deficit) surplus	**(987)**	**1,911**
Accumulated deficit at beginning of year	**612,330**	**611,881**
Other comprehensive loss	**(2,669)**	**(2,360)**
Accumulated deficit at end of year	**615,986**	**612,330**

Revenues

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

Accounting for revenues

The Government reports all revenues on an accrual basis.

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention. They are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories.

Tax revenues are measured from amounts assessed/reassessed and from estimates of amounts not yet assessed/reassessed based on cash received that relates to the fiscal year ended March 31. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot yet be reliably determined.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against applicable tax revenue. Tax expenditures that provide a financial benefit through the tax system and are not related to the relief of taxes paid or payable are shown as other transfer payment expenses and are not netted against tax revenue.

Income tax revenue is recognized when the taxpayer has earned the income subject to tax.

Domestic goods and services tax revenue is recognized at the time of the sale of goods or the provision of services. These revenues are reported net of input tax credits, GST rebates, and the GST quarterly tax credits. The GST quarterly tax credit for low-income individuals and families is recorded in the period to which it relates.

Customs duties and goods and services tax revenue on imports is recognized when goods are authorized to enter Canada.

Excise tax revenue is recognized when a taxpayer sells goods taxable under the *Excise Tax Act*. Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act* and the *Excise Act, 2001*.

Employment insurance premiums are recognized as revenue in the same period as the insurable earnings are earned.

Other revenues are recognized in the period to which they relate.

Tax revenues

Tax revenues include personal, corporate and non-resident income tax revenues, and other taxes and duties as summarized in Table 3.2.

Table 3.2
Tax revenues

(in millions of dollars)

	2015–2016	2014–2015
Tax revenues		
Income tax revenues		
Personal	144,897	135,743
Corporate	41,444	39,447
Non-resident	6,505	6,216
Total income tax revenues	***192,846***	***181,406***
Other taxes and duties		
Goods and services tax, Table 3.3	32,952	31,349
Energy taxes		
Excise tax – Gasoline	4,350	4,318
Excise tax – Aviation gasoline and diesel fuel	1,215	1,210
Total energy taxes	*5,565*	*5,528*
Customs import duties	5,372	4,581
Other excise taxes and duties		
Excise duties	4,844	4,813
Air travellers security charge	721	696
Softwood lumber products export charge	130	(5)
Other miscellaneous excise taxes and duties	221	220
Total other excise taxes and duties	*5,916*	*5,724*
Total other taxes and duties	***49,805***	***47,182***
Total tax revenues[1]	242,651	228,588

[1] Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

Corporate income tax

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

Non-resident income tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Other taxes and duties

Other taxes and duties are collected under the *Excise Act*, the *Excise Act, 2001*, the *Excise Tax Act*, *Customs Tariff* (Act) and other acts. They include the goods and services tax, energy taxes, customs import duties, as well as other excise taxes and duties.

Goods and Services Tax

The goods and services tax (GST) became effective January 1, 1991. It is applied at a rate of 5 per cent on most goods and services consumed in Canada, with only a limited set of exclusions that consists of certain medical devices, prescription drugs, basic groceries, residential rents as well as most health and dental care services. A comparative analysis of the GST is presented in Table 3.3.

Table 3.3
Goods and services tax (GST)[1]

(in millions of dollars)

	2015–2016	2014–2015
GST	39,312	37,439
Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties	2,003	1,896
Gross GST from outside parties	37,309	35,543
Less: quarterly tax credits	4,357	4,194
Net GST from outside parties	32,952	31,349

[1] Reported in the Consolidated Statement of Operations and Accumulated Deficit in Section 2 of this volume.

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Customs import duties

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff* (Act).

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The Air Travelers Security Charge is collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

The softwood lumber products export charge is assessed on exports of softwood lumber products to the United States after September 30, 2006. The charge on refunds of softwood lumber duty deposits is assessed on amounts refunded to Canadian companies related to an American duty order on the importation of softwood lumber products into the United States between May 22, 2002 and September 30, 2006.

Employment insurance premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.

Other revenues

Other revenues include revenues from Crown corporations, other program revenues and net foreign exchange revenues.

Table 3.4
Other revenues

(in millions of dollars)

	2015–2016	2014–2015
Other revenues		
Crown corporations		
Consolidated Crown corporations	4,544	4,174
Enterprise Crown corporations and other government business enterprises		
Share of annual profit	7,316	8,365
Interest and other	600	941
Total Crown corporations	*12,460*	*13,480*
Other programs		
Return on investments, Table 3.5	1,081	1,927
Sales of goods and services		
Rights and privileges	2,520	2,873
Lease and use of public property	655	634
Services of a regulatory nature	1,446	1,360
Services of a non-regulatory nature	3,494	3,290
Sales of goods and information products	219	225
Other fees and charges	671	568
Total sales of goods and services	*9,005*	*8,950*
Miscellaneous		
Interest and penalties	4,364	4,538
Other	500	944
Total other programs	*14,950*	*16,359*
Net foreign exchange		
Exchange Fund Account	2,186	840
International Monetary Fund	133	495
Other	3	20
Total	*2,322*	*1,355*
Total other revenues[1]	29,732	31,194

[1] Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Crown corporations

Crown corporation revenues include revenues earned from third parties by consolidated Crown corporations, interest earned on loans to enterprise Crown corporations and other government business enterprises as well as the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

Other programs

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the *Public Accounts of Canada*.

Net foreign exchange

Net foreign exchange revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars at March 31. Net foreign exchange revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses for loans, investments and advances other than those in enterprises Crown corporations and government business enterprises. A comparative analysis of return on investments is presented in Table 3.5.

Table 3.5
Return on investments[1]

(in millions of dollars)

	2015–2016	2014–2015
Cash and accounts receivable		
Interest on bank deposits	222	313
Loans, investments and advances		
Portfolio investments	—	1
National governments including developing countries	11	6
International organizations	3	2
Provincial and territorial governments	[2]	[2]
Other loans, investments and advances	707	961
Total loans, investments and advances	721	970
Other accounts		
Esso Ltd – Norman Wells Project – Profits	10	75
Other	[2]	[2]
Total other accounts	10	75
Total ministerial return on investments	953	1,358
Net gain on exchange	124	572
Accrual of other revenues	22	23
Total return on investments	1,099	1,953
Elimination of return on investments internal to the Government	(18)	(26)
Total external return on investments	1,081	1,927

[1] Additional details are provided in Table 4a in Section 1 of Volume II and in Section 10 of Volume III of the *Public Accounts of Canada*.

[2] Less than $500,000.

Expenses

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

Accounting for expenses

The Government reports all expenses on an accrual basis.

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipients have met all the eligibility criteria and the transfers are authorized by the consolidated financial statements date. In the case of transfers that do not form part of an existing program, they are considered to be authorized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the consolidated financial statements. Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt, as well as interest on public sector pensions and other employee and veteran future benefits.

Table 3.6
External expenses by segment and by type

(in millions of dollars)

	Major transfer payments[1]		Other transfer payments	
	2015–2016	2014–2015	2015–2016	2014–2015
Ministries				
Agriculture and Agri-Food			1,289	1,290
Canadian Heritage			1,056	1,286
Environment and Climate Change			135	116
Families, Children and Social Development	72,396	66,086	6,465	6,292
Finance	63,877	61,136	512	920
Fisheries, Oceans and the Canadian Coast Guard			94	90
Global Affairs			4,367	4,039
Health			2,985	2,932
Immigration, Refugees and Citizenship			1,083	984
Indigenous and Northern Affairs			7,832	7,576
Infrastructure and Communities	1,973	1,973	1,098	983
Innovation, Science and Economic Development			1,650	2,644
Justice			340	345
National Defence			152	136
National Revenue	10,509	10,372	3,701	3,350
Natural Resources			577	1,184
Office of the Governor General's Secretary				
Parliament			1	1
Privy Council			105	9
Public Safety and Emergency Preparedness			620	204
Public Services and Procurement				
Transport			529	593
Treasury Board				
Veterans Affairs			18	18
Provision for valuation and other items			(221)	(353)
Total ministries	148,755	139,567	34,388	34,639
Crown corporations and other entities			486	487
Total expenses[2]	148,755	139,567	34,874	35,126

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Includes transfer payments of $45,461 million ($44,103 million in 2015) for the Old Age security benefits, the guaranteed income supplement and the spouse's allowance; $65,850 million ($63,109 million in 2015) to other levels of government; $19,419 million ($18,052 million in 2015) for the Employment insurance benefits and $18,025 million ($14,303 million in 2015) for the Children's benefits. Additional information is provided in Table 3.7 of this section.

[2] Additional information is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, as well as for inventory obsolescence. Expenses also include amortization of tangible capital assets, utilization of inventories, as well as prepaid expenses and other.

Organizations within the Government's accounting entity transact with each other on a day-to-day basis and thus contribute to the amounts of revenues and expenses recorded in the accounts. In preparing the consolidated financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents a comparative summary of external expenses by type. The table also discloses the external expenses by segment.

Total transfer payments		Other program expenses		Public debt charges[1]		Total expenses	
2015–2016	2014–2015	2015–2016	2014–2015	2015–2016	2014–2015	2015–2016	2014–2015
1,289	1,290	739	791			2,028	2,081
1,056	1,286	442	455			1,498	1,741
135	116	1,506	1,541	1	1	1,642	1,658
78,861	72,378	2,882	2,635			81,743	75,013
64,389	62,056	484	511	25,303	26,325	90,176	88,892
94	90	1,544	1,581			1,638	1,671
4,367	4,039	1,857	2,087			6,224	6,126
2,985	2,932	3,340	3,313			6,325	6,245
1,083	984	1,138	1,061			2,221	2,045
7,832	7,576	1,408	1,204			9,240	8,780
3,071	2,956	64	64			3,135	3,020
1,650	2,644	2,351	2,363			4,001	5,007
340	345	1,275	1,280			1,615	1,625
152	136	28,519	23,669	88	68	28,759	23,873
14,210	13,722	7,989	8,108			22,199	21,830
577	1,184	944	1,067	2	2	1,523	2,253
		21	20			21	20
1	1	570	542			571	543
105	9	566	313			671	322
620	204	10,375	9,831	1	1	10,996	10,036
		4,181	4,350	158	156	4,339	4,506
529	593	908	919	42	41	1,479	1,553
		4,214	3,277			4,214	3,277
18	18	911	1,000			929	1,018
(221)	(353)	455	(604)			234	(957)
183,143	174,206	78,683	71,378	25,595	26,594	287,421	272,178
486	487	8,533	7,770			9,019	8,257
183,629	174,693	87,216	79,148	25,595	26,594	296,440	280,435

[1] Additional information is provided in Table 3.8 of this volume.

Expenses by segment

The Government's segmented information, which is based on the ministerial portfolio structure, groups together departments and agencies' activities for which a Minister is responsible as well as those of the Crown corporations and other entities as described in Note 13 to the consolidated financial statements in Section 2 of this volume.

Government's cost of operations

Government's cost of operations consists of three major types: transfer payments, other program expenses and public debt charges.

Transfer payments

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under the following programs:

- The fiscal arrangements are unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and
- The Canada health transfer and the Canada social transfer are the major means for providing the federal share of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, to establish new jobs through support for training and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments.

Other program expenses

This category covers the costs associated with programs directly delivered by the federal government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

Table 3.7 presents a comparative analysis by province and territory of certain transfer payments.

Table 3.7
Major transfer payments by province and territory

(in millions of dollars)

	Fiscal year	Old age security benefits[1]	Employment insurance benefits	Fiscal arrangements	Quebec Abatement[2]	Canada health transfer	Canada social transfer	Other major transfers[3]	Children's benefits	Total
Newfoundland and Labrador	2015–2016	920	1,050	33		493	192	30		2,718
	2014–2015	882	975	2		493	187	30		2,569
Prince Edward Island	2015–2016	227	247	361		139	53	15		1,042
	2014–2015	218	231	360		134	52	50		1,045
Nova Scotia	2015–2016	1,492	889	1,817		900	341	53		5,492
	2014–2015	1,442	839	1,817		860	335	53		5,346
New Brunswick	2015–2016	1,272	971	1,671		720	273	43		4,950
	2014–2015	1,220	927	1,668		687	267	89		4,858
Quebec	2015–2016	12,683	4,169	9,526	(4,451)	7,880	2,987	458		33,252
	2014–2015	12,195	4,156	9,395	(4,234)	7,477	2,908	458		32,355
Ontario	2015–2016	17,142	6,078	2,372		13,145	4,984	745		44,466
	2014–2015	16,627	5,959	1,997		12,459	4,847	745		42,634
Manitoba	2015–2016	1,571	613	1,741		1,230	466	66		5,687
	2014–2015	1,539	563	1,753		1,167	454	66		5,542
Saskatchewan	2015–2016	1,347	577	2		1,081	409	56		3,472
	2014–2015	1,336	486	2		998	398	130		3,350
Alberta	2015–2016	3,729	2,474	256		3,869	1,516	209		12,053
	2014–2015	3,611	1,663	5		3,478	1,452	209		10,418
British Columbia	2015–2016	6,399	2,257	4		4,450	1,695	253		15,058
	2014–2015	6,193	2,156	4		4,249	1,641	253		14,496
Total provinces	2015–2016	46,782	19,325	17,783	(4,451)	33,907	12,916	1,928		128,190
	2014–2015	45,263	17,955	17,003	(4,234)	32,002	12,541	2,083		122,613
Northwest Territories	2015–2016	26	34	1,233		44	16	15		1,368
	2014–2015	25	35	1,209		47	15	15		1,346
Nunavut	2015–2016	9	20	1,454		36	13	15		1,547
	2014–2015	9	22	1,409		33	13	15		1,501
Yukon Territory	2015–2016	28	31	874		38	14	15		1,000
	2014–2015	27	31	851		32	13	29		983
International	2015–2016	157	9							166
	2014–2015	259	9							268
Total expenses for provinces and territories	2015–2016	47,002	19,419	21,344	(4,451)	34,025	12,959	1,973		132,271
	2014–2015	45,583	18,052	20,472	(4,234)	32,114	12,582	2,142		126,711
Accrual and other adjustments	2015–2016	(1,541)								(1,541)
	2014–2015	(1,480)		33						(1,447)
Subtotal	2015–2016	45,461	19,419	21,344	(4,451)	34,025	12,959	1,973		130,730
	2014–2015	44,103	18,052	20,505	(4,234)	32,114	12,582	2,142		125,264
Add: transfers made through the tax system	2015–2016								18,025	18,025
	2014–2015								14,303	14,303
Total major transfer payments	2015–2016	45,461	19,419	21,344	(4,451)	34,025	12,959	1,973	18,025	148,755
	2014–2015	44,103	18,052	20,505	(4,234)	32,114	12,582	2,142	14,303	139,567

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Includes the guaranteed income supplement and the spouse's allowance.

[2] The Quebec Abatement is comprised of federal tax abated under the Alternative Payments for Standing Programs and the Youth Allowance Program of that province.

[3] Includes the contributions under the federal Gas Tax Fund program of $1,973 million ($1,973 million in 2015).

Public debt charges

Public debt charges include the interest on unmatured debt and on pensions, other future benefits and other liabilities, the amortization of premiums and discounts on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.8. The table also discloses the reconciling items between total public debt charges as reported in the ministerial section of the Department of Finance in Section 6 of Volume II of the *Public Accounts of Canada* and the total expenses of the public debt indicated in Table 3.6. The reconciling items include the interest expenses on capital leases as well as accrual and other adjustments.

Table 3.8
Public debt charges[1]

(in millions of dollars)

	2015–2016	2014–2015
Unmatured debt		
Interest on:		
Marketable bonds	13,160	13,562
Retail debt	34	47
Medium-term notes	9	5
	13,203	*13,614*
Amortization of discounts on Canada and Treasury bills		
Treasury bills	861	1,418
Canada bills	10	2
	871	*1,420*
Amortization of premiums and discounts on all other debts		
Marketable bonds	632	405
Foreign bonds	6	
Real return bonds	(106)	
Consumer price index adjustments on real return bonds	971	436
	1,503	*841*
Cross-currency swap revaluation	(487)	(542)
Servicing costs and costs of issuing new borrowings	11	19
Capital lease obligations	209	209
Other unmatured debt	83	60
Total public debt charges related to unmatured debt	15,393	15,621
Pensions and other future benefits		
Interest on:		
Public sector pensions – Superannuation accounts	7,333	7,906
Less: allowance for pension adjustments	122	(4)
	7,455	*7,902*
Other employee and veteran future benefits		
Public Service Health Care Plan and Pensioners' Dental Service Plan	729	777
Severance and other benefits	80	93
Accumulated sick leave entitlements	39	48
Worker's compensation	32	39
Veterans' disability and other future benefits	1,442	1,656
Royal Canadian Mounted Police disability and other future benefits	218	233
	2,540	*2,846*
Total public debt charges related to pensions and other future benefits	9,995	10,748
Other liabilities		
Canada Pension Plan	2	3
Government Annuities Account	9	11
Deposit and trust accounts	19	25
Other specified purpose accounts	171	179
Other liabilities	6	7
Total public debt charges related to other liabilities	207	225
Consolidated specified purpose accounts		
Interest	3	5
Total public debt charges related to consolidated specified purpose accounts	3	5
Total public debt charges before consolidation adjustments	25,598	26,599
Less: consolidation adjustments	3	5
Total public debt charges[1,2]	25,595	26,594

Table 3.8
Public debt charges[1]—*concluded*

(in millions of dollars)

	2015–2016	2014–2015
Comprised of:		
Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments	22,644	23,488
Accrual and other adjustments	2,954	3,111
Consolidation adjustments	(3)	(5)
Total public debt charges	25,595	26,594

[1] A summary is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

[2] Additional details are provided in Section 7 of Volume III of the *Public Accounts of Canada*.

Expenses by object

Table 3.9 reconciles the total net expenditures by object initially recorded by departments under the partial accrual method of accounting to the total expenses which is based on the full accrual method of accounting. Reconciliation items represent the effect of consolidation and full accrual accounting.

Table 3.9
Total expenses by object[1]

(in millions of dollars)

	Total net expenditures	Reconciliation	Total expenses
Transfer payments	152,054	31,575	183,629
Other program expenses			
Crown corporations[2]		7,846	7,846
Personnel	39,617	10,554	50,171
Transportation and communications	2,661	(165)	2,496
Information	330	(95)	235
Professional and special services	11,083	(2,730)	8,353
Rentals	3,142	(1,090)	2,052
Repair and maintenance	3,122	(357)	2,765
Utilities, materials and supplies	2,833	(320)	2,513
Acquisition of land, buildings and works	1,734	(1,734)	
Acquisition of machinery and equipment	4,095	(4,095)	
Other subsidies and expenses	9,011	(3,419)	5,592
Amortization of tangible capital asset		5,049	5,049
Net loss on disposal of assets		144	144
Total other program expenses	77,628	9,588	87,216
Public debt charges	22,644	2,951	25,595
Total gross expenses	252,326	44,114	296,440
Less: revenues netted against expenditures	10,927	(10,927)	
Total expenses	241,399	55,041	296,440

[1] Additional details are provided in Table 3a in Section 1 of Volume II of the *Public Accounts of Canada*.

[2] This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, reclassified within their respective object of expense.

Expenditures under statutory authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time periods as the acts prescribe. These spending authorities do not generally lapse at the end of the year during which they were granted. Expenditures under such authorities account for approximately half of the total program expenses each year.

Table 3.10 presents a comparative summary of the ministerial expenditures under statutory authorities.

Table 3.10
Expenditures under statutory authorities

(in millions of dollars)

	2015–2016	2014–2015
Old age security payments (*Old Age Security Act*)	35,050	33,536
Canada health transfer (Part V.1 – *Federal-Provincial Fiscal Arrangements Act*)	34,025	32,114
Public debt charges	22,644	23,488
Fiscal equalization (Part I – *Federal-Provincial Fiscal Arrangements Act*)	17,341	16,669
Canada social transfer (Part V.1 – *Federal-Provincial Fiscal Arrangements Act*)	12,959	12,582
Guaranteed income supplement payments (*Old Age Security Act*)	9,922	10,066
Universal child care benefit (*Universal Child Care Benefit Act*)	8,759	2,738
Territorial financing (Part I.1 – *Federal-Provincial Fiscal Arrangements Act*)	3,561	3,469
Gas Tax Fund	2,000	2,000
Canada Education Savings grant payments to Registered Education Savings Plans (RESPs) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children	821	781
Canada study grants to qualifying full and part-time students pursuant to the *Canada Student Financial Assistance Act*	714	707
Payments related to the direct financing arrangement under the *Canada Student Financial Assistance Act*	618	631
Contribution payments for the AgriInsurance program	604	611
Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office	533	506
Old age allowance payments (*Old Age Security Act*)	513	531
Electoral expenditures	451	115
Payments to International Development Association	442	883
Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund	301	752
Youth allowances recovery (*Federal-Provincial Fiscal Revision Act, 1964*)	(811)	(767)
Alternative payments for standing programs (Part VI – *Federal-Provincial Fiscal Arrangements Act*)	(3,641)	(3,467)
Total	146,806	137,945
Superannuation, supplementary retirement benefits, death benefits and other pensions[1]		
Public Service		
Government's contributions to the public service pension plan and the Retirement Compensation Arrangements Account	3,439	2,875
Government's contributions to the Canada and the Quebec pension plans	665	641
Government's contribution to the Employment Insurance Operating Account	311	295
Government's contributions to the Death Benefit Account	14	14
Total Contributions	4,429	3,825
Less: recoveries from revolving funds	91	94
Total	4,338	3,731
Canadian Forces		
Government's contribution to the Canadian Forces Pension Plan and the Retirement Compensation Arrangements Account	1,000	1,064
Government's contribution to the Canada and the Quebec pension plans	184	178
Government's contribution as employer to the Employment Insurance Operating Account	84	82
Statutory payments under the *Supplementary Retirement Benefits Act*	2	2
Government's contribution to the Death Benefit Account	2	3
Total	1,272	1,329

Table 3.10
Expenditures under statutory authorities—*concluded*

(in millions of dollars)

	2015–2016	2014–2015
Royal Canadian Mounted Police		
Government's contribution to the Royal Canadian Mounted Police Pension Plan and the Retirement Compensation Arrangements Account	353	361
Government's contribution to the Canada and the Quebec pension plans	59	55
Government's contribution as employer to the Employment Insurance Operating Account	27	21
Statutory payments under the *Supplementary Retirement Benefits Act*	8	8
Total	447	445
Shared Services Canada		
Government's contribution to the Canada and the Quebec pension plans	3	4
Government's contribution to the Employment Insurance Operation Account, the Royal Canadian Mounted Police Pension Plan and the Retirement Compensation Arrangements Account	1	1
Total	4	5
All other statutory expenditures	3,363	3,525
Total ministerial expenditures under statutory authorities[2]	156,230	146,980

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

[2] Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section 1 of Volume II of the *Public Accounts of Canada*.

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Section 4

2015–2016

Public Accounts of Canada

Consolidated accounts

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Consolidated Crown corporations and other entities

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities are those which rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line-by-line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. All corporations and other entities follow either Canadian Public Sector Accounting Standards or International Financial Reporting Standards. The financial information reported by all of the consolidated Crown corporations and other entities in the following summary tables have been prepared and reported based upon Canadian Public Sector Accounting Standards.

Summary financial statements of consolidated Crown corporations and other entities

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations and other entities.

For those corporations and other entities having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations and other entities.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, such as buildings, machinery and equipment in use or under construction, as well as inventories, prepayments and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent long-term debts payable of the corporations and other entities. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, various accruals, capital leases and like items. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues are segregated between third parties and Government, Crown corporations and other entities. Government, Crown corporations and other entities' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity transactions other than current year's net income or loss are segregated between equity adjustments and other, remeasurement gains and losses and equity transactions with the Government. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Remeasurement gains and losses comprise certain unrealized gains and losses on financial instruments that are recognized in the Statement of Remeasurement Gains and Losses, but excluded from the annual surplus (deficit). Upon realization, these gains and losses are included in the annual surplus (deficit). Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with those of the Government.

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the consolidated financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The quarterly *Inventory of Government of Canada Organizations* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes for the year ended March 31, 2016. Contingent liabilities of consolidated corporations and other entities are presented in Table 4.4.

A summary of financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2016 is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Table 4.1
Financial position of consolidated Crown corporations and other entities
Assets, liabilities and equity as at March 31, 2016

(in thousands of dollars)

	Assets			
	Financial			
Consolidated Crown corporations and other entities	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Crown corporations[1]				
Atomic Energy of Canada Limited	230,665	29,878	726,127	986,670
Canada Council for the Arts	333,947	328	26,917	361,192
Canada Development Investment Corporation				
PPP Canada Inc	1,421,719	597	1,080	1,423,396
Canadian Air Transport Security Authority	93,509	84,426	377,569	555,504
Canadian Broadcasting Corporation	1,310,576	206	1,179,862	2,490,644
Canadian Commercial Corporation	215,394	501	3,599,873	3,815,768
Canadian Dairy Commission	4,881	—	100,867	105,748
Canadian Museum for Human Rights	13,240	275	328,860	342,375
Canadian Museum of History	76,676	12,240	244,095	333,011
Canadian Museum of Immigration at Pier 21	10,842	135	19,989	30,966
Canadian Museum of Nature	9,738	527	189,907	200,172
Canadian Race Relations Foundation	26,279	2,157	56	28,492
Canadian Tourism Commission	26,887	1,144	3,842	31,873
Defence Construction (1951) Limited	40,713	15,966	4,448	61,127
Federal Bridge Corporation Limited, The	42,590	4,921	341,235	388,746
International Development Research Centre	77,182	841	11,268	89,291
Jacques Cartier and Champlain Bridges Inc	85,134	15,228	502,853	603,215
Marine Atlantic Inc	148,210	13,000	426,604	587,814
National Arts Centre Corporation	24,028	14	59,470	83,512
National Capital Commission	177,887	5,361	613,059	796,307
National Gallery of Canada	23,880	656	80,740	105,276
National Museum of Science and Technology	38,693	1,685	72,905	113,283
Standards Council of Canada	6,931	710	3,631	11,272
Telefilm Canada	7,259	57,152	4,715	69,126
VIA Rail Canada Inc	454,357	9,914	954,445	1,418,716
Windsor-Detroit Bridge Authority	80,253		67,012	147,265
Total—Crown corporations	4,981,470	257,862	9,941,429	15,180,761
Conversion to the Government accounting basis for consolidation purposes	(129,430)	—	(47,761)	(177,191)
Net Crown corporations on the Government accounting basis	4,852,040	257,862	9,893,668	15,003,570
Other entities[2]				
Canada Foundation for Innovation	378,575	169,049	3,987	551,611
Canada Foundation for Sustainable Development Technology	14,521	—	1,293	15,814
First Nations Market Housing Fund	306,420	40,159	67	346,646
St. Lawrence Seaway Management Corporation	121,033	32,638	23,637	177,308
Capital Fund Trust	2,176	19,264	—	21,440
Employee Termination Benefits Trust Fund	1,735	225	—	1,960
Total—Other entities	824,460	261,335	28,984	1,114,779
Conversion to the Government accounting basis for consolidation purposes	(402)	(428)		(830)
Net other entities on the Government accounting basis	824,058	260,907	28,984	1,113,949
Total	5,676,098	518,769	9,922,652	16,117,519

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[1] All Crown corporations listed at the margin in this table are parent Crown corporations.

[2] These entities, which are not Crown corporations or agents of the Crown, are considered other consolidated entities.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
–	8,043,175	748,249	8,791,424	(7,992,907)	173,153	15,000	(7,804,754)	986,670
–	80,108	339	80,447	280,745	–	–	280,745	361,192
–	2,854	1,415,253	1,418,107	5,289	–	–	5,289	1,423,396
–	118,678	603	119,281	436,223	–	–	436,223	555,504
361,427	613,743	22	975,192	1,515,452	–	–	1,515,452	2,490,644
–	3,786,884	215	3,787,099	18,669	10,000	–	28,669	3,815,768
2,261	53,272	50,215	105,748	–	–	–	–	105,748
–	180,157	161,738	341,895	480	–	–	480	342,375
–	24,840	239,511	264,351	68,660	–	–	68,660	333,011
–	8,618	19,872	28,490	2,476	–	–	2,476	30,966
–	36,559	171,502	208,061	(7,889)	–	–	(7,889)	200,172
–	351	78	429	28,063	–	–	28,063	28,492
–	11,999	107	12,106	19,767	–	–	19,767	31,873
–	33,716	745	34,461	26,666	–	–	26,666	61,127
88,312	30,483	31,148	149,943	238,803	–	–	238,803	388,746
–	59,162	12,290	71,452	17,839	–	–	17,839	89,291
–	141,796	–	141,796	461,419	–	–	461,419	603,215
–	101,299	2,626	103,925	483,889	–	–	483,889	587,814
–	15,131	69,707	84,838	(1,326)	–	–	(1,326)	83,512
–	140,858	7,343	148,201	648,106	–	–	648,106	796,307
–	7,946	88,136	96,082	9,194	–	–	9,194	105,276
–	8,578	91,432	100,010	13,273	–	–	13,273	113,283
–	5,930	3	5,933	5,339	–	–	5,339	11,272
–	42,866	152	43,018	26,108	–	–	26,108	69,126
–	206,430	916,317	1,122,747	286,669	–	9,300	295,969	1,418,716
–	28,944	–	28,944	118,321	–	–	118,321	147,265
452,000	13,784,377	4,027,603	18,263,980	(3,290,672)	183,153	24,300	(3,083,219)	15,180,761
–	(30,706)	(3,757,397)	(3,788,103)	3,818,365	(183,153)	(24,300)	3,610,912	(177,191)
452,000	13,753,671	270,206	14,475,877	527,693	–	–	527,693	15,003,570
–	1,000	550,611	551,611	–	–	–	–	551,611
–	1,019	14,795	15,814	–	–	–	–	15,814
–	44,012	302,634	346,646	–	–	–	–	346,646
–	111,649	9,778	121,427	55,881	–	–	55,881	177,308
–	2	21,438	21,440	–	–	–	–	21,440
–	2	1,958	1,960	–	–	–	–	1,960
–	157,684	901,214	1,058,898	55,881	–	–	55,881	1,114,779
–		(879,979)	(879,979)	879,149	–	–	879,149	(830)
–	157,684	21,235	178,919	935,030	–	–	935,030	1,113,949
452,000	13,911,355	291,441	14,654,796	1,462,723	–	–	1,462,723	16,117,519

Table 4.2

Revenues, expenses and other changes in equity of consolidated Crown corporations and other entities for the year ended March 31, 2016

(in thousands of dollars)

	Revenues			
		Government, Crown corporations and other entities		
Consolidated Crown corporations and other entities	Third parties	Financial assistance	Other	Total
Crown corporations				
Atomic Energy of Canada Limited	122,255	391,579	100,303	614,137
Canada Council for the Arts	23,095	182,224	766	206,085
Canada Development Investment Corporation				
PPP Canada Inc	43	24,322	925	25,290
Canadian Air Transport Security Authority	4,664	653,605	77	658,346
Canadian Broadcasting Corporation	535,148	1,038,024	1,475	1,574,647
Canadian Commercial Corporation	2,871,730	8,880	3,497	2,884,107
Canadian Dairy Commission	208,577	3,723	—	212,300
Canadian Museum for Human Rights	11,517	27,023	—	38,540
Canadian Museum of History	18,262	76,313	727	95,302
Canadian Museum of Immigration at Pier 21	2,439	9,819	95	12,353
Canadian Museum of Nature	8,782	30,971	176	39,929
Canadian Race Relations Foundation	513	—	882	1,395
Canadian Tourism Commission	14,785	57,976	38	72,799
Defence Construction (1951) Limited	788	—	87,183	87,971
Federal Bridge Corporation Limited, The	40,165	10,000	—	50,165
International Development Research Centre	60,320	183,478	19,301	263,099
Jacques Cartier and Champlain Bridges Inc	1,607	245,347	—	246,954
Marine Atlantic Inc	109,461	350,999	—	460,460
National Arts Centre Corporation	31,365	41,237	1,236	73,838
National Capital Commission	28,302	90,377	4,898	123,577
National Gallery of Canada	59,633	49,200	244	109,077
National Museum of Science and Technology	4,920	30,839	693	36,452
Standards Council of Canada	8,574	10,195	945	19,714
Telefilm Canada	25,745	95,454	—	121,199
VIA Rail Canada Inc	300,877	354,567	2,638	658,082
Windsor-Detroit Bridge Authority	237	133,500	1,881	135,618
Total—Crown corporations	4,493,804	4,099,652	227,980	8,821,436
Conversion to the Government accounting basis for consolidation purposes	49,212	157,943	—	207,155
Total on the Government accounting basis	4,543,016	4,257,595	227,980	9,028,591
Consolidation adjustments	730	(4,257,595)	(227,980)	(4,484,845)
Net amount—Crown corporations	4,543,746	—	—	4,543,746
Other entities				
Canada Foundation for Innovation	6,632	330,453	3,658	340,743
Canada Foundation for Sustainable Development Technology	736	133,541	—	134,277
First Nations Market Housing Fund	10,447	—	982	11,429
St. Lawrence Seaway Management Corporation	70,166	1,649	130,640	202,455
Capital Fund Trust	22	126,000	6,595	132,617
Employee Termination Benefits Trust Fund	19	—	—	19
Total—Other entities	88,022	591,643	141,875	821,540
Conversion to the Government accounting basis for consolidation purposes	9,362	(281,174)	(410)	(272,222)
Total on the Government accounting basis	97,384	310,469	141,465	549,318
Consolidation adjustments	4,212	(310,469)	(141,465)	(447,722)
Net amount—Other entities	101,596	—	—	101,596
Total	4,645,342			4,645,342

The accompanying notes to Table 4.1 are an integral part of this table.

Expenses							Equity transactions with the Government		
Third parties	Government, Crown corporations and other entities	Total	Net income (loss)	Equity beginning of year	Equity adjustments and other	Remeasurement gains (losses)	Dividends	Capital	Equity end of year
1,042,091	34,140	1,076,231	(462,094)	(6,305,399)	(1,002,651)	—	—	(34,610)	(7,804,754)
194,175	80	194,255	11,830	291,720	—	(22,805)	—	—	280,745
24,960	726	25,686	(396)	5,685	—	—	—	—	5,289
601,945	13,916	615,861	42,485	393,738	—	—	—	—	436,223
1,290,443	1,550	1,291,993	282,654	1,232,798	—	—	—	—	1,515,452
2,871,784	4,355	2,876,139	7,968	20,701	—	—	—	—	28,669
207,975	1,250	209,225	3,075	—	(3,075)	—	—	—	—
43,800	1,721	45,521	(6,981)	7,470	—	(9)	—	—	480
77,919	14,633	92,552	2,750	64,154	2,332	(576)	—	—	68,660
10,172	2,651	12,823	(470)	3,291	(161)	(184)	—	—	2,476
36,055	2,971	39,026	903	(8,792)	—	—	—	—	(7,889)
604	829	1,433	(38)	28,354	(252)	(1)	—	—	28,063
69,020	1,237	70,257	2,542	17,128	—	97	—	—	19,767
92,312	16	92,328	(4,357)	30,990	—	33	—	—	26,666
44,650	—	44,650	5,515	233,319	1,129	(1,160)	—	—	238,803
262,148	3,637	265,785	(2,686)	20,525	—	—	—	—	17,839
230,949	—	230,949	16,005	445,414	—	—	—	—	461,419
237,479	—	237,479	222,981	261,046	(3,731)	3,593	—	—	483,889
71,294	1,769	73,063	775	(2,101)	—	—	—	—	(1,326)
113,743	7,507	121,250	2,327	645,779	—	—	—	—	648,106
100,146	7,884	108,030	1,047	8,101	46	—	—	—	9,194
31,979	4,115	36,094	358	12,915	—	—	—	—	13,273
20,131	507	20,638	(924)	6,263	—	—	—	—	5,339
118,098	2,166	120,264	935	25,173	—	—	—	—	26,108
578,577	8,783	587,360	70,722	225,247	—	—	—	—	295,969
26,243	—	26,243	109,375	4,930	4,237	(221)	—	—	118,321
8,398,692	116,443	8,515,135	306,301	(2,331,551)	(1,002,126)	(21,233)	—	(34,610)	(3,083,219)
78,515	(5,151)	73,364	133,791	3,421,803	(525)	21,233	—	34,610	3,610,912
8,477,207	111,292	8,588,499	440,092	1,090,252	(1,002,651)	—	—	—	527,693
(119,644)	(111,292)	(230,936)	(4,253,909)	—	4,253,909	—	—	—	—
8,357,563	—	8,357,563	(3,813,817)	1,090,252	3,251,258	—	—	—	527,693
340,694	49	340,743	—	—	—	—	—	—	—
134,277	—	134,277	—	—	—	—	—	—	—
10,447	982	11,429	—	—	—	—	—	—	—
179,191	206	179,397	23,058	32,823	—	—	—	—	55,881
2	132,615	132,617	—	—	—	—	—	—	—
3	16	19	—	—	—	—	—	—	—
664,614	133,868	798,482	23,058	32,823	—	—	—	—	55,881
1,982	(1,982)	—	(272,222)	1,151,371	—	—	—	—	879,149
666,596	131,886	798,482	(249,164)	1,184,194	—	—	—	—	935,030
(5,367)	(131,886)	(137,253)	(310,469)	—	310,469	—	—	—	—
661,229	—	661,229	(559,633)	1,184,194	310,469	—	—	—	935,030
9,018,792	—	9,018,792	(4,373,450)	2,274,446	3,561,727	—	—	—	1,462,723

Borrowings by consolidated agent Crown corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts of Canada*. The borrowings are from lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary consolidated financial statements of the Government of Canada.

Table 4.3
Borrowings by consolidated agent Crown corporations

(in thousands of dollars)

	Balance April 1, 2015	Borrowings and other credits	Repayments and other charges	Balance March 31, 2016
Canadian Broadcasting Corporation	381,732	—	20,305	361,427
Canadian Dairy Commission	828	32,030	30,597	2,261
Federal Bridge Corporation Limited, The	92,930	—	4,618	88,312
Total	475,490	32,030	55,520	452,000

Contingent liabilities of consolidated Crown corporations and other entities

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations and other entities. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 4.4
Contingent liabilities of consolidated Crown corporations and other entities

(in thousands of dollars)

	March 31, 2016
Agent Crown corporations	
Federal Bridge Corporation Limited, The—Claims and pending and threatened litigation	50
National Gallery of Canada—Claims and pending and threatened litigation	348
Non-agent Crown corporations	
St. Lawrence Seaway Management Corporation—Claims and pending and threatened litigation	4,106
St. Lawrence Seaway Management Corporation—Letters of credit	295
VIA Rail Canada Inc.—Letters of credit	27,207
Total	32,006

Financial assistance under budgetary appropriations to consolidated Crown corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: *(a)* amounts approved through a program expenditures vote; *(b)* amounts approved through an operating expenditures vote; *(c)* amounts approved through a capital expenditures vote.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Table 4.5
Financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2016

(in thousands of dollars)

	Program expenditures vote	Operating expenditures vote	Capital expenditures vote	Financial assistance under budgetary appropriations[1]
Agent Crown corporations				
Atomic Energy of Canada Limited[2]	491,064			491,064
Canadian Air Transport Security Authority	656,747			656,747
Canadian Broadcasting Corporation		928,332	109,692	1,038,024
Canadian Commercial Corporation	8,880			8,880
Canadian Dairy Commission	3,723			3,723
Canadian Museum for Human Rights	21,700			21,700
Canadian Museum of History	83,587			83,587
Canadian Museum of Immigration at Pier 21	7,700			7,700
Canadian Museum of Nature	26,453			26,453
Canadian Tourism Commission	62,976			62,976
Federal Bridge Corporation Limited, The	20,119			20,119
Jacques Cartier and Champlain Bridges Inc	247,328			247,328
National Capital Commission		68,344	22,665	91,009
National Gallery of Canada		37,777	8,000	45,777
National Museum of Science and Technology	59,601			59,601
Telefilm Canada	95,454			95,454
Total—Agent Crown corporations	1,785,332	1,034,453	140,357	2,960,142
Non-agent Crown corporations				
Canada Council for the Arts	182,224			182,224
International Development Research Centre	183,478			183,478
Marine Atlantic Inc	350,859			350,859
National Arts Centre Corporation	54,897			54,897
PPP Canada Inc	11,800			11,800
Standards Council of Canada	10,195			10,195
VIA Rail Canada Inc	365,500			365,500
Windsor-Detroit Bridge Authority	138,500			138,500
Total—Non-agent Crown corporations	1,297,453	—	—	1,297,453
Total	3,082,785	1,034,453	140,357	4,257,595

[1] Excludes grants and contributions paid to agent and non-agent consolidated Crown corporations where they qualify as members of a general class of recipients.

[2] The financial assistance under budgetary appropriations does not include an amount of $89,935,000 received by Atomic Energy of Canada Limited for Decommissioning Funding. This amount has been presented as Other Revenues from Government, Crown corporations and other entities in Table 4.2.

Consolidated specified purpose accounts

Consolidated specified purpose accounts are particular categories of revenues and expenses whereby legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. They are principally used where the activities are similar in nature to departmental activities and the transactions do not represent future liabilities to third parties but in essence constitute Government revenues and expenses.

The transactions of these accounts are reported with revenues and expenses, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.6. Such descriptions follow the same presentation order as their respective tables.

The financial statements of the Employment Insurance Operating Account, together with the Independent Auditor's Report thereon, are presented at the end of this section.

Table 4.6
Consolidated specified purpose accounts

(in dollars)

		Revenues and other credits		Expenses and other debits		
	April 1, 2015	External transactions	Internal transactions	External transactions	Internal transactions	March 31, 2016
Insurance accounts						
Agriculture and Agri-Food						
Crop Reinsurance Fund	571,590,655	1,374,595	–	–	–	572,965,250
Less: Interest-bearing loans	277,514,751	–	–	–	–	277,514,751
	294,075,904	*1,374,595*	–	–	–	*295,450,499*
Agricultural Commodities Stabilization Accounts	646,510	–	–	–	–	646,510
	294,722,414	*1,374,595*	–	–	–	*296,097,009*
Families, Children and Social Development						
Employment and Social Development						
Employment Insurance Operating Account, Table 4.7	521,706,229	23,165,039,112	421,071,942	19,725,643,347	1,467,244,991	2,914,928,945
Finance						
Investors' Indemnity Account	45,303	–	–	–	–	45,303
Health						
Health Insurance Supplementary Account	28,386	–	–	–	–	28,386
Natural Resources						
Canadian Nuclear Safety Commission						
Nuclear Liability Reinsurance Account	3,621,756	197,489	–	–	–	3,819,245
Transport						
Ship-Source Oil Pollution Fund	409,760,129	1,005	3,009,550	1,272,635	209,862	411,288,187
Total insurance accounts	1,229,884,217	23,166,612,201	424,081,492	19,726,915,982	1,467,454,853	3,626,207,075

Table 4.6
Consolidated specified purpose accounts—*concluded*

(in dollars)

		Revenues and other credits		Expenses and other debits		
	April 1, 2015	External transactions	Internal transactions	External transactions	Internal transactions	March 31, 2016
Other consolidated specified purpose accounts						
Canadian Heritage						
National Battlefields Commission Trust Fund	784,493	8,500	2,971	473	19,796	775,695
Environment and Climate Change						
Environment						
Court award deposits						
Other than Environmental Damages Fund	465,395	40,009	—	70,870	—	434,534
Environmental Damages Fund	9,887,757	3,064,452	346,223	868,924	—	12,429,508
Parks Canada Agency						
New Parks and Historic Sites Account	15,082,760	399,932	1,625,000	1,459,859	929,573	14,718,260
	25,435,912	*3,504,393*	*1,971,223*	*2,399,653*	*929,573*	*27,582,302*
Finance						
Canadian Commercial Bank and Northland Bank Holdback Account	246,223,464	—	—	—	—	246,223,464
Fisheries, Oceans and the Canadian Coast Guard						
Fisheries and Oceans						
Supplementary Fines Account						
Species at Risk Act	35,000	—	—	—	—	35,000
Supplementary Fish Fines Account	1,676,530	47,650	—	112,069	—	1,612,111
	1,711,530	*47,650*	—	*112,069*	—	*1,647,111*
Indigenous and Northern Affairs						
Indian Affairs and Northern Development						
Cleanup costs for environmental damage caused by Bowater	2,126,165	—	—	28,325	—	2,097,840
Environmental Studies Research Fund	1,322,590	—	1,109,787	—	1,322,590	1,109,787
	3,448,755	—	*1,109,787*	*28,325*	*1,322,590*	*3,207,627*
Natural Resources						
Environmental Studies Research Fund	3,534,505	3,398,930	—	1,962,983	1,723,639	3,246,813
Public Services and Procurement						
Public Works and Government Services						
Seized Property Proceeds Account	18,969,222	32,686,144	—	14,145,455	—	37,509,911
Transport						
Fines for the transportation of dangerous goods	514,074	—	—	—	—	514,074
Total other consolidated specified purpose accounts	300,621,955	39,645,617	3,083,981	18,648,958	3,995,598	320,706,997
Endowment principal						
Environment and Climate Change						
Parks Canada Agency						
Mackenzie King Trust Account	225,000	—	—	—	—	225,000
Health						
Canadian Institutes of Health Research						
Endowments for Health Research	140,267	—	—	—	—	140,267
Innovation, Science and Economic development						
National Research Council of Canada						
H.L. Holmes Fund	5,005,889	63,866	—	—	—	5,069,755
W.G. Schneider Fund	30,000	—	—	—	—	30,000
Social Sciences and Humanities Research Council						
Queen's Fellowship Fund	250,000	—	—	—	—	250,000
	5,285,889	*63,866*	—	—	—	*5,349,755*
Total endowment principal	5,651,156	63,866	—	—	—	5,715,022
Total	1,536,157,328	23,206,321,684	427,165,473	19,745,564,940	1,471,450,451	3,952,629,094

Insurance accounts

For the following Insurance Accounts, revenues and other credits from outside parties totalled $23,167 million ($22,628 million in 2015) while expenses and other debits to outside parties totalled $19,727 million ($18,289 million in 2015) and are reported as expenses in the Consolidated Statement of Operations and Accumulated Deficit.

Revenues and other credits of $424 million ($404 million in 2015) and expenses and other debits of $1,467 million ($1,471 million in 2015) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for deficits they might incur in their agriculture insurance funds. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from a percentage of total premiums collected by provinces for the purpose of insurance of agricultural production. Both the amount of revenue collected and expenditures from the Crop Reinsurance Fund paid to provinces are subject to the terms of reinsurance agreements. When there are insufficient revenues in the Crop Reinsurance Fund to make payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues. Currently, the interest rate earned on surpluses in the Crop Reinsurance Fund and the interest rate charged to advances to the Fund have been set by the Department of Finance at zero per cent.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Employment Insurance Operating Account

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by the Government, workers and employers. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account.

The Employment Insurance Operating Account (the Account) was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out to the Consolidated Revenue Fund and charged to the Account.

Employee premium rate for each $100 of insurable earnings was $1.88 from January 1, 2015 to December 31, 2015 for employees without a Provincial Parental Insurance Plan and $1.54 for the others. From January 1, 2016 to March 31, 2016, the rate was $1.88 for employees without a Provincial Parental Insurance Plan and $1.52 for the others.

Table 4.7 presents a statement of the transactions in the Employment Insurance Operating Account.

Table 4.7
Transactions in the Employment Insurance Operating Account

(in millions of dollars)

	2015–2016	2014–2015
Revenues		
Premiums		
Employers and employees[1]	23,491	22,962
Penalties and interest revenue	95	53
	23,586	23,015
Expenses		
Benefits	17,480	16,121
Transfers to the provinces – Part II	1,939	1,931
Administration costs	1,462	1,466
Administration cost transferred to provinces	191	191
Bad debts	121	50
	21,193	19,759
Net change	2,393	3,256
Balance at beginning of year	522	(2,734)
Balance at end of year	2,915	522

[1] The difference between premium revenue presented here and the amount presented in the Government of Canada consolidated financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of $421 million ($398 million in 2015).

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of $25,000, such further amounts as are appropriated by Parliament for the purposes of this section, and any recoveries of the losses referred to in section 58 of the Act. This sum was increased to $50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for securities who have paid all or part of the purchase price for those securities but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Ship-Source Oil Pollution Fund

This account was established pursuant to subsection 2001, c.6 of the *Marine Liability Act* (previously the *Canada Shipping Act*), to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other consolidated specified purpose accounts

For the following other consolidated specified purpose accounts, revenues and other credits from outside parties of $40 million ($41 million in 2015) are reported while expenses and other debits to outside parties of $19 million ($54 million in 2015) are reported in the Consolidated Statement of Operations and Accumulated Deficit.

Revenues and other credits of $3 million ($2 million in 2015), and expenses and other debits of $4 million ($4 million in 2015) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

Court Award Deposits—Other than Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada that are not under the legal authority of the Environmental Damages Fund.

Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada for damages to the environment.

New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* to record payments to be used to acquire lands or property required to establish any national park, national historic site or other protected heritage area that has not yet attained full operation status, and to make any related contributions.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During the fiscal year, no claims have been received for potential payments from the holdback.

Supplementary Fines Account—*Species at Risk Act*

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Species at Risk Act*, under paragraph 105*(h)* of the Act.

Supplementary Fish Fines Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, under paragraph 79(2)*(f)* of the Act.

Cleanup costs for environmental damage caused by Bowater

This account was established pursuant to a decision of the Commercial Division of the Superior Court in the Province of Quebec. The balance in the account is to be used to finance the remediation of environmental damage caused by Bowater Canadian Forest Products Inc. relative to a land lease issued by the Department of Indian Affairs and Northern Development.

Environmental Studies Research Fund—Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier lands, authorized under this act or any other act of Parliament, should be conducted.

Environmental Studies Research Fund—Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier lands, authorized under this act or any other act of Parliament, should be conducted.

Seized Property Proceeds Account

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

Fines for the transportation of dangerous goods

This account was established, pursuant to the *Transportation of Dangerous Goods Act, 1992* and related regulations, to record fines levied by courts.

Endowment principal

For the following endowment principal accounts, revenues and other credits from outside parties of $64,000 ($126,000 in 2015) are reported in the Consolidated Statement of Operations and Accumulated Deficit.

Mackenzie King Trust Account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for Health Research

This account was established by section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)*(f)* of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

W.G. Schneider Fund

This account was established pursuant to paragraph 5(1)*(f)* of the *National Research Council Act*, to record the residue of the estate of W.G. Schneider. The yearly net income from the fund shall be used to finance the Schneider Medal. This award recognizes employees who have made outstanding contributions to the National Research Council.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Supplementary statement

Employment Insurance Operating Account

Management's responsibility for financial statements

The financial statements of the Employment Insurance Operating Account are prepared in accordance with Canadian public sector accounting standards by the management of Employment and Social Development Canada (ESDC). Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Auditor General of Canada, the external auditor of the Employment Insurance Operating Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Employment, Workforce Development and Labour.

The financial statements of the Employment Insurance Operating Account are an integral part of the *Public Accounts of Canada*, which are tabled in the House of Commons and are referred to the Standing Committee on Public Accounts for examination purposes.

Louise Levonian
Chairperson of the Canada
Employment Insurance Commission

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
September 1, 2016

Employment Insurance Operating Account—*continued*

Independent Auditor's Report

To the Minister of Employment, Workforce Development and Labour

I have audited the accompanying financial statements of the Employment Insurance Operating Account, which comprise the statement of financial position as at 31 March 2016, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Employment Insurance Operating Account as at 31 March 2016, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vicki Clement, CPA, CA
Principal
for the Auditor General of Canada

1 September 2016
Ottawa, Canada

Employment Insurance Operating Account—*continued*

Statement of financial position
as at March 31

(in thousands of dollars)

	2016	2015
Financial assets		
Balance of the account with Receiver General for Canada	924,112	–
Premiums receivable	1,994,721	1,823,656
Due from claimants (Note 3)	746,636	712,477
	3,665,469	2,536,133
Liabilities		
Balance of the account with Receiver General for Canada		1,401,786
Benefits payable	676,547	536,613
Amounts payable (Note 4)	73,993	76,028
	750,540	2,014,427
Net financial assets and accumulated surplus	**2,914,929**	**521,706**

Contractual obligations (Note 11)
Contingent liabilities (Note 12)
The accompanying notes and schedules are an integral part of these financial statements.

Approved by:

Louise Levonian

Chairperson of the Canada
Employment Insurance Commission

Alain P. Séguin, MBA, CPA, CGA

Chief Financial Officer
Employment and Social Development Canada

Employment Insurance Operating Account—*continued*

Statement of operations and accumulated surplus for the year ended March 31

(in thousands of dollars)

	2016	2016	2015
	Budget (Note 6)	Actual	Actual
Revenues			
Premiums (Note 7)	23,795,000	23,491,100	22,962,274
Penalties (Note 3)	45,000	57,220	39,666
Interest on overdue accounts receivable (Note 3)	28,000	37,791	12,786
	23,868,000	23,586,111	23,014,726
Expenses			
Benefits and support measures (Schedule I)			
Income benefits (Note 8)	16,313,000	17,632,921	16,235,790
Transfers to provinces and territories related to Labour Market Development Agreements	1,950,000	1,938,683	1,930,727
Support measures	124,000	111,660	116,096
Benefits repayments from higher income claimants	(233,000)	(264,639)	(230,430)
Administration costs (Note 9)	1,605,000	1,653,336	1,657,055
Bad debts	25,000	120,927	50,051
	19,784,000	21,192,888	19,759,289
Net surplus for the year	4,084,000	2,393,223	3,255,437
Accumulated surplus (deficit) at the beginning of the year	521,706	521,706	(2,733,731)
Accumulated surplus at the end of the year	**4,605,706**	**2,914,929**	**521,706**

The accompanying notes and schedules are an integral part of these financial statements.

Statement of change in net financial assets for the year ended March 31

(in thousands of dollars)

	2016	2016	2015
	Budget (Note 6)	Actual	Actual
Net surplus for the year	**4,084,000**	**2,393,223**	**3,255,437**
Net financial assets (net debt) at beginning of year	**521,706**	**521,706**	**(2,733,731)**
Net financial assets at end of year	**4,605,706**	**2,914,929**	**521,706**

Employment Insurance Operating Account—*continued*

Statement of cash flow
for the year ended March 31

(in thousands of dollars)

	2016	2015
Operating activities		
Cash receipts:		
Premiums	23,320,035	22,714,896
Recoveries of benefit overpayments and penalties	327,868	302,190
Benefits repayments received from higher income claimants	233,656	208,336
	23,881,559	23,225,422
Cash payments:		
Income benefits	(17,856,628)	(16,327,014)
Transfers to provinces and territories related to Labour Market Development Agreements	(1,938,683)	(1,930,727)
Support measures	(108,491)	(111,187)
Administration costs	(1,651,859)	(1,608,593)
	(21,555,661)	(19,977,521)
Net change in balance of the account with Receiver General for Canada	**2,325,898**	**3,247,901**
Balance of the account with Receiver General for Canada		
Beginning of year	(1,401,786)	(4,649,687)
End of year	**924,112**	**(1,401,786)**

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2016

1. Authority, objective and responsibilities

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission consists of four commissioners: the Deputy Minister of Employment and Social Development (ESD), an Associate Deputy Minister of ESD, a person representing the interest of workers and a person representing the interest of employers. The objective of the Act is to provide short-term financial assistance and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account (the Account).

The Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account. In these financial statements, the Consolidated Revenue Fund is represented by the Balance of the account with Receiver General for Canada.

The Minister of Employment, Workforce Development and Labour is responsible for the Employment Insurance Program as per her Mandate Letter and the delegated authorities that she holds.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Government of Canada to enter into Labour Market Development Agreements with each province and territory. Under these agreements, the Government of Canada provides contributions to provincial and territorial governments to be used to pay for all or a portion of the costs of their benefits and measures provided they are similar with the employment benefits and support measures established under Part II of the Act. The contributions can also be used to pay for any administration costs incurred in providing these similar benefits and measures.

The Act also requires the Commission to make regulations to provide a system to reduce employer's and employee's premiums when payments under a provincial law would have the effect of reducing or eliminating the special benefits payable under the Act.

2. Significant accounting policies

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada.

(a) Basis of accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

(b) Premiums

Premiums are recognized as revenue in the period in which they are earned, when workers, through their employment, generate these premiums and the related employer's contribution. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not assessed. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

(c) Benefits and support measures

Benefits and support measures include income benefits (or benefits under Part I of the Act) and employment benefits and support measures (benefits under Part II of the Act). Those benefit expenses are recorded when the recipients become entitled to the benefits. An estimate of the benefits earned by the recipients related to the current fiscal year but not yet paid is recorded as benefits payable. This estimate is based on actual payments made subsequent to year-end.

Income benefits provide temporary income support to claimants, including self-employed fishers, while they look for work. This includes work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefits expenses represent the amounts paid and payable to claimants for the period relating to the fiscal year, based on the weeks the claimants were entitled to the payments. Overpayments established during the year are deducted from these expenses.

Transfer payments to the provinces and territories under the Labour Market Development Agreements are made pursuant to section 63 of the Act. Similar to the employment benefits and support measures, these transfer payments are recorded as expenditures in the year in which the provinces/territories met the eligibility criteria and the transfers are authorized. Overpayments to provinces and territories are recovered and recorded in reduction of expenses.

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2016—*continued*

Support measures provide financial assistance, through government transfers, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Government transfers are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement and the transfer is authorized.

Claimants with income levels higher than those stated in the Act have to repay benefits received. Benefit repayments received and the estimated benefit repayments receivable are assessed by the CRA based on tax returns assessed and an estimate of tax returns not yet assessed. These benefit repayments are disclosed in the Statement of operations and accumulated surplus and the Schedule I as benefit repayments from higher income claimants.

(d) Administration costs

Administration costs are accounted for and charged to the Account in accordance with various memoranda of understanding.

(e) Balance of the account with Receiver General for Canada

The Account operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by and credited to the Account is deposited to the CRF, and all cash disbursements made by and charged to the Account are paid from the CRF. The balance of the account with Receiver General for Canada is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government.

(f) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant estimates are related to premiums revenues and receivables, administration costs, benefit repayments, allowances for doubtful accounts, estimated overpayments and underpayments of benefits disclosed in Note 8, contingent liabilities and the amounts presented in Schedule II. Actual results could differ significantly from those estimates.

3. Due from claimants

(in thousands of dollars)

	2016	2015
Benefit overpayments and interest receivable	569,409	559,516
Amount of penalties and interest receivable	138,799	130,688
	708,208	690,204
Less: allowance for doubtful accounts	336,583	321,756
	371,625	368,448
Estimated benefit repayments receivable from higher income claimants	375,011	344,029
	746,636	712,477

The Commission detects overpayments on claims processed during the current and preceding years. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established.

(in thousands of dollars)

	2016	2015
Benefit overpayments and interest receivable at the beginning of the year	559,516	560,786
Benefit overpayments established during the year	356,982	263,358
Interest accrued in the year	29,214	9,416
Benefit overpayments recovered during the year	(291,738)	(266,258)
Uncollectible benefit overpayments written off during the year	(84,565)	(7,786)
Benefit overpayments and interest receivable	569,409	559,516

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2016—*continued*

The Commission may impose penalties on a claimant or an employer when it becomes aware that information they have provided is false or misleading. The Account charges interest on outstanding employment insurance debts caused through misrepresentation and on penalties. The Act sets the maximum amounts that may be imposed in these cases.

(in thousands of dollars)

	2016	2015
Penalties and interest receivable at the beginning of the year	130,688	126,168
Penalties imposed during the year	57,220	39,665
Interest accrued during the year	10,802	3,370
Penalties recovered during the year	(36,130)	(35,932)
Uncollectable penalties written off during the year	(23,781)	(2,583)
Penalties and interest receivable at the end of the year	138,799	130,688

An allowance for doubtful accounts is recorded for benefit overpayments and penalties receivable, and is estimated by aging the balance of the accounts receivable outstanding and by applying varying percentages based on past recovery experience to the aging categories so determined.

During 2015–2016, the Account charged a total $40.0 million ($12.8 million in 2014–2015) of interest. The interest on overdue accounts receivables (interest revenue) presented in the Statement of operations and accumulated surplus ($37.8 million) is net of interest charged on accounts receivable deemed unrecoverable ($2.2 million in 2015–2016 and $0 million in 2014–2015) and the allowance for doubtful accounts was increased by this amount.

4. Amounts payable

(in thousands of dollars)

	2016	2015
To Canada		
Administration costs	33,703	32,277
Federal tax deductions from benefits	29,026	30,188
Other deductions from benefits	248	1,791
Amounts payable related to Labour Market Development Agreements	5,918	5,868
	68,895	70,124
To provinces		
Quebec tax deductions from benefits	4,148	4,803
Other deductions from benefits	950	1,101
	5,098	5,904
	73,993	76,028

5. Financial instruments

The fair values of the premiums receivable, benefits payable and amounts payable are considered by management to be comparable to their carrying values because of the short term maturity of these instruments. These financial instruments will either be received or paid in the next fiscal year.

Benefits overpayments and penalties are usually recovered over a period longer than one year. As interest is only applicable to overpayments caused through misrepresentation and on penalties, and as the allowance for doubtful accounts reduces the carrying value, the due from claimants is assumed to approximate its fair value.

All of these financial instruments arose in the normal course of business.

6. Comparison of results against budget

The budget amounts included in the Statement of operations and accumulated surplus and the Schedule I—Benefits and support measures, are part of the amounts reported in the Employment and Social Development Canada's future oriented consolidated financial statements included in the *2015–2016 Report on Plans and Priorities*.

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2016—*continued*

7. Premiums

Premiums for the fiscal year are measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed.

Premiums revenue includes an estimate of premiums earned in the fiscal year but not yet assessed or reassessed at the time of preparation of the financial statements. Fiscal year 2015–2016 includes $8,224 million in forecasted premium revenues for the 3-month period from January to March 2016 ($8,120 million in 2015), or approximately 34.55 per cent (34.59 per cent in 2015) of the total forecast premium revenues of $23,805 million for calendar year 2016 ($23,472 million for 2015), net of reductions and refunds. This estimate is based on the forecasted total insurable earnings of $584,844 million in calendar year 2016 ($567,785 million in 2015). The total insurable earnings forecasts are mainly dependent upon the projected growth in both employment (0.71 per cent in 2016 and 0.74 per cent in 2015) and average wages (1.68 per cent in 2016 and 2.58 per cent in 2015).

A variation in these assumptions would have an impact on the total insurable earnings forecasted and consequently, forecasted premium revenues. The sensitivity analysis below was determined based on changes to the respective assumptions while holding all other assumptions constant:

		Forecast premium revenues
Variable	Variation	January-March 2016
Employment growth	+/- 0.1%	+/- 8 million
Average wages	+/- 0.1%	+/- 3 million

Actual premium revenue for calendar years 2015 and 2016 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known. The difference between estimated and actual premium revenues for calendar year 2014, as known at the time of the preparation of the financial statements and included in these financial statements, is an increase in revenues of $99 million ($28 million decrease for calendar year 2013 in 2014–2015 financial statements).

For the following calendar years, premium rates for each $100 of insurable earnings were set under section 66 of the Act at:

(in dollars)

	2016	2015	2014
Residents of provinces without a provincial plan			
For employees	1.88	1.88	1.88
For employers (calculated at 1.4 times the employee rate)	2.63	2.63	2.63
Residents of provinces with a provincial plan			
For employees	1.52	1.54	1.53
For employers (calculated at 1.4 times the employee rate)	2.13	2.16	2.14

The annual maximum insurable earnings for 2016 is $50,800 ($49,500 in 2015 and $48,600 in 2014).

8. Estimated overpayments and underpayments of benefits

Given the large volume of claims and the need for prompt service, the Commission applies a risk-based approach to its control procedures. The verification of claims is conducted both prior to and after claimants have begun to receive benefits, using a combination of up-front and automated control measures and post-payment verification activities.

In order to measure the accuracy of benefit payments, the Commission has a program in place which establishes an annual payment accuracy rate and estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during the twelve months ended March 31, 2016, these undetected overpayments and underpayments are estimated to be $864 million and $232 million respectively ($624 million and $145 million in 2014–2015). The annual payment accuracy rate (which is comprised of three error sources: claimant, employer and administrative) and estimated value of errors are used by the Commission to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 3, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2016—*continued*

9. Administration costs

Costs incurred for administering the Act are charged to the Account based on various memoranda of understanding with federal government departments and entities.

In addition, the administration costs paid to provinces and territories to administer the Labour Market Development Agreements are included in the administration costs for the year based on provisions of the agreements.

(in thousands of dollars)

	2016	2015
Program policy and delivery, accommodation and corporate services		
Non-personnel related costs	376,646	370,460
Personnel related costs, including the Health Insurance Plan	862,854	883,027
Collection of premiums and rulings	218,630	212,268
Administrative services related to courts/tribunal	9,116	5,077
Administration costs incurred by provinces and territories under the Labour Market Development Agreements	191,556	190,957
	1,658,802	1,661,789
Deduct: recovery of costs for maintaining the social insurance number registry and issuing replacement cards	5,466	4,734
	1,653,336	1,657,055

10. Related party transactions

The Account is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of operations, which are recorded at the exchange value.

(in thousands of dollars)

	2016	2015
Employment and Social Development Canada		
Program policy and delivery, accomodation and corporate services	1,179,202	1,194,382
Canada Revenue Agency		
Collection of premiums and rulings	218,630	212,268
Treasury Board Secretariat		
Health Insurance Plan	60,297	59,105
Administrative Tribunals Support Service of Canada		
Social Security Tribunal	8,019	4,350
Courts Administration Services		
Courts Administration Services	1,097	727
	1,467,245	1,470,832
Deduct: recovery of costs for maintaining the social insurance number registry and issuing replacement cards	5,466	4,734
	1,461,779	1,466,098

Employment Insurance premiums include the employer's share of premiums paid by the federal government of $421 million ($398 million in 2014–2015).

Employment Insurance Operating Account—*continued*

Notes to the financial statements for the year ended March 31, 2016—*concluded*

11. Contractual obligations

The nature of the Account activities can result in some large multi-year agreements whereby the Account will be obligated to make future payments in order to carry out its transfer payment programs. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)

	2017	2018	2019	2020	2021 and thereafter	Total
Labour Market Development Agreements	2,266,745		–	–	–	2,266,745
Other transfer payments	105,904	416	–	–	–	106,320
Total	**2,372,649**	**416**	–	–	–	**2,373,065**

Labour Market Development Agreements (LMDA) with eight of the provinces and territories require a two year notice for cancellation of the agreements. The obligations for 2018 cannot be reasonably estimated.

On April 14, 2016, supplementary funding of $125 million for 2016–2017 for the LMDAs has been approved. The amount is included in the above figure.

12. Contingent liabilities

In the normal course of the operations of the Account, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account.

In 2011–2012, a class action was filed with the Federal Court seeking damages of $450 million plus interest. The representative plaintiff alleges that she was improperly denied sickness benefits for an illness, injury or disability suffered while on parental leave, despite an amendment in 2002 to the *Employment Insurance Act*. The proceeding has been certified as a class action. The outcome of this claim is not determinable at this time.

13. Subsequent event

The *Budget Implementation Act 2016, No.1*, received Royal Assent on June 22, 2016. This Act amends the *Employment Insurance Act* to, among other things:

(a) increase, until July 8, 2017, the maximum number of weeks for which benefits may be paid to eligible claimants in selected regions;

(b) eliminate the category of claimants who are new entrants and re-entrants; and

(c) reduce to one week the length of the waiting period during which claimants are not entitled to benefits.

These new measures will result in additional income benefit expenses starting in fiscal year 2016–2017. These additional future expenses, which cannot be reasonably estimated, will be recorded in the financial statements when the recipients will become entitled to the benefits.

14. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Employment Insurance Operating Account—*continued*

Schedule I—Benefits and support measures for the year ended March 31

(in thousands of dollars)

	2016	2016	2015
	Budget (Note 6)	Actual	Actual
Part I—Income benefits			
Regular	10,792,000	12,058,162	10,885,655
Fishing	266,000	287,070	276,198
Work-sharing	25,000	40,366	18,128
	11,083,000	12,385,598	11,179,981
Special benefits			
Parental	2,644,000	2,611,676	2,549,601
Sickness	1,408,000	1,444,042	1,357,369
Maternity	1,134,000	1,124,182	1,090,629
Adoption	–	21,452	21,159
Compassionate care	13,000	17,736	12,729
Self-employment	10,000	9,164	9,054
Parents of critically-ill children	21,000	19,071	15,268
	5,230,000	5,247,323	5,055,809
Income benefits total	**16,313,000**	**17,632,921**	**16,235,790**
Less: benefit repayments from higher income claimants	233,000	264,639	230,430
Part I total	**16,080,000**	**17,368,282**	**16,005,360**
Part II—Employment benefits and support measures			
Employment benefits			
Transfer payments to provinces and territories related to Labour Market Development Agreements	1,950,000	1,938,683	1,930,727
Support measures			
Labour market partnerships		110,286	112,657
Research and innovation		1,374	3,439
	124,000	111,660	116,096
Part II total	**2,074,000**	**2,050,343**	**2,046,823**
Total Benefits and support measures	**18,154,000**	**19,418,625**	**18,052,183**

Benefit rates—Income benefits

The rates for income benefits are set on a calendar year basis. The maximum rate is $537 per week for the period from January to December 2016, and $524 per week for January to December 2015 ($514 per week for 2014). Benefits are paid at the lesser of 55 per cent of average insurable earnings and the maximum rate. For claimants who are in a low-income family with children, the rate may be increased up to the lessor of 80 per cent of average insurable earnings and the maximum rate.

Employment Insurance Operating Account—*concluded*

Schedule II—Statement of operations and accumulated surplus (deficit) for the period of January 1st to December 31st

(in thousands of dollars)

	2015	2014
Revenues		
Premiums	23,296,333	22,800,907
Penalties	43,634	38,971
Interest on overdue accounts receivable	10,838	25,062
	23,350,805	22,864,940
Expenses		
Income benefits	17,190,213	15,879,753
Transfers to provinces and territories related to Labour Market Development Agreements	1,938,870	1,929,977
Support measures	111,612	109,633
Benefits repayments from higher income claimants	(248,126)	(226,652)
Administration costs	1,654,314	1,663,134
Bad debts	103,131	41,637
	20,750,014	19,397,482
Net surplus for the period	2,600,791	3,467,458
Accumulated deficit at the beginning of the period	(1,734,022)	(5,201,480)
Accumulated surplus (deficit) at the end of the period	**866,769**	**(1,734,022)**

The estimates provided in this Schedule for calendar year 2015, which is prepared in accordance with Canadian public sector accounting standards, are used by the Government of Canada to establish the Employment Insurance premium rate for the following calendar year. The mechanism for setting the Employment Insurance premium rate is designed to ensure that revenues and expenditures break even over time.

Section 5

2015–2016

Public Accounts of Canada

Accounts payable and accrued liabilities

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Deferred revenues 5.6
Amounts payable to taxpayers 5.10
Environmental liabilities 5.11
Interest and matured debt 5.13

Accounts payable and accrued liabilities

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Accounts payable and accrued liabilities". The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

Table 5.1 presents the year-end balances of accounts payable and accrued liabilities by category. Chart 5A presents accounts payable and accrued liabilities by category at March 31.

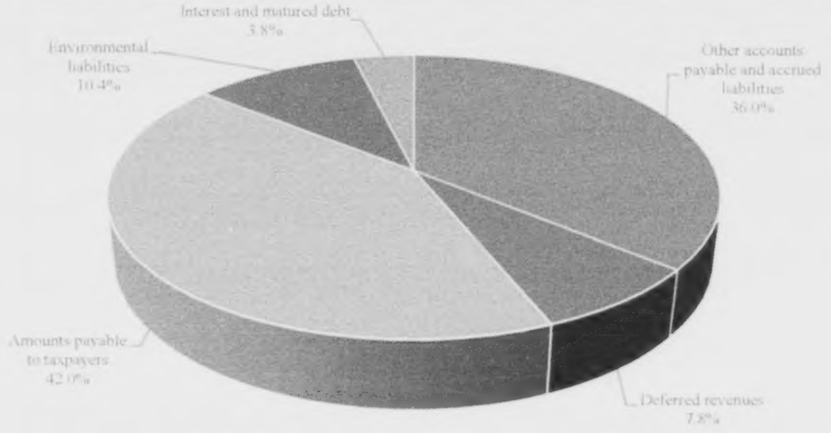
Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

Table 5.1
Accounts payable and accrued liabilities

(in dollars)

	March 31, 2016	March 31, 2015
Other accounts payable and accrued liabilities, Table 5.2	45,970,456,943	40,737,427,010
Deferred revenues, Table 5.5	9,981,005,998	9,160,139,012
Amounts payable to taxpayers, Table 5.6	53,697,293,628	56,198,271,060
Environmental liabilities, Table 5.7	13,281,973,449	12,296,144,709
Interest and matured debt, Table 5.9	4,921,554,581	5,239,435,185
Total	127,852,284,599	123,631,416,976

Chart 5A
Accounts payable and accrued liabilities by category at March 31, 2016



Other accounts payable and accrued liabilities

Other accounts payable and accrued liabilities includes accounts payable, accrued salaries and benefits, notes payable to international organizations, the provincial, territorial and Aboriginal tax agreements account, miscellaneous paylist deductions and other accounts.

Table 5.2 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.2
Other accounts payable and accrued liabilities

(in dollars)

	March 31, 2016	March 31, 2015
Accounts payable	31,273,862,741	31,224,159,839
Add: consolidation adjustment[1]	4,752,783,403	3,204,458,020
	36,026,646,144	*34,428,617,859*
Accrued salaries and benefits	4,558,674,474	3,653,603,294
Notes payable to international organizations, Table 5.3	35,312,954	34,440,123
Provincial, Territorial and Aboriginal Tax Agreements Account, Table 5.4	4,326,846,356	1,546,959,912
Miscellaneous paylist deductions	73,005,759	142,683,677
Allowance for guarantees	311,507,982	317,111,364
Other	638,463,274	614,010,782
Total	45,970,456,943	40,737,427,010

[1] Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

Accrued salaries and benefits

This account records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retro-active salaries.

Notes payable to international organizations

Share capital subscriptions, loans and advances are made to international organizations using cash, notes payable, or both, that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.13 in Section 9 of this volume.

Table 5.3 presents the balances and transactions for the notes payable.

Table 5.3
Notes payable to international organizations

(in dollars)

		Receipts and other credits		Payments and other charges		
	April 1, 2015	Note issuances	Revaluation[1]	Note encashment	Revaluation[1]	March 31, 2016
Finance						
International Bank for Reconstruction and Development (World Bank)	30,376,706	769,850				31,146,556
Multilateral Investment Guarantee Agency	4,063,417	—	102,981	—		4,166,398
Total	34,440,123	769,850	102,981			35,312,954

[1] Notes denominated in foreign currencies are translated into Canadian dollars at the year-end closing rates of exchange.

Provincial, Territorial and Aboriginal Tax Agreements Account

This account records taxes administered by the Government of Canada on behalf of provinces, territories, and Aboriginal governments, in accordance with agreements entered into by the Minister of Finance pursuant to the *Federal-Provincial Fiscal Arrangements Act* and, in the case of First Nations Goods and Services Tax, pursuant to the *First Nations Goods and Services Tax Act*.

The Government of Canada, as represented by the Minister of Finance, has entered into agreements with all provinces and territories (except Quebec) to collect and administer personal income tax, and with all provinces and territories (except Quebec and Alberta) to collect and administer corporate tax, and to pay amounts assessed in respect thereof in accordance with the agreements.

Agreements have also been entered into with certain Aboriginal governments, to collect First Nations Personal Income Tax as well as First Nations Sales Tax levied on motive fuels, tobacco, and alcohol and First Nations Goods and Services Tax levied on the same range of goods and services as the federal goods and services tax, and to make payments to the respective governments in accordance with the agreements.

This account also records transactions relating to agreements that the Government of Canada has entered into with the provinces of Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island regarding the Harmonized Sales Tax, and payments made to those provinces in accordance with the Comprehensive Integrated Tax Coordination Agreements between the Government of Canada and the provinces. Effective April 1, 2013, the province of British Columbia returned to the provincial sales tax regime.

The *Public Accounts of Canada* reports information on an April to March fiscal year basis, while tax information is generally calculated on a calendar year basis. Transactions related to several tax years can occur during a given fiscal year. For example, during a given fiscal year, payments are made, based on estimates, in respect of two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to tax revenues, rebates and credits for previous calendar years. Table 5.4 presents the accumulated balances and the net position of the revenues and the payments made to the provinces and territories for personal income and corporate taxes as well as for First Nations Sales Tax, First Nations Goods and Services Tax, First Nations Personal Income Tax and Harmonized Sales Tax.

Table 5.4
Provincial, Territorial and Aboriginal Tax Agreements Account

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Total personal income tax administered by Canada Revenue Agency	3,054,297,998	66,481,950,229		69,536,248,227
Less: payments to provinces, territories and Aboriginal governments				
Newfoundland and Labrador			1,308,475,400	1,308,475,400
Prince Edward Island			330,559,320	330,559,320
Nova Scotia			2,540,212,453	2,540,212,453
New Brunswick			1,654,456,714	1,654,456,714
Ontario			33,983,131,256	33,983,131,256
Manitoba			3,100,847,846	3,100,847,846
Saskatchewan			2,620,607,012	2,620,607,012
Alberta			11,398,171,238	11,398,171,238
British Columbia			8,275,212,600	8,275,212,600
Yukon			61,607,104	61,607,104
Northwest Territories			82,729,512	82,729,512
Nunavut			30,559,156	30,559,156
Aboriginal governments			24,679,902	24,679,902
			65,411,249,513	*65,411,249,513*
Total personal income tax on hand	**3,054,297,998**	**66,481,950,229**	**65,411,249,513**	**4,124,998,714**

Table 5.4
Provincial, Territorial and Aboriginal Tax Agreements Account—*concluded*

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Total corporate income tax administered by Canada Revenue Agency	1,093,799,752	16,549,387,076		17,643,186,828
Less: payments to provinces and territories				
Newfoundland and Labrador			319,686,478	319,686,478
Prince Edward Island			52,391,494	52,391,494
Nova Scotia			369,215,171	369,215,171
New Brunswick			225,785,586	225,785,586
Ontario			9,183,133,415	9,183,133,415
Quebec			54,075,109	54,075,109
Manitoba			492,811,494	492,811,494
Saskatchewan			864,744,510	864,744,510
Alberta			76,980,885	76,980,885
British Columbia			2,182,387,441	2,182,387,441
Yukon			11,543,043	11,543,043
Northwest Territories			48,883,117	48,883,117
Nunavut			18,568,978	18,568,978
			13,900,206,721	*13,900,206,721*
Total corporate income tax on hand	**1,093,799,752**	**16,549,387,076**	**13,900,206,721**	**3,742,980,107**
Total harmonized sales tax administered by Canada Revenue Agency	(2,601,137,838)	26,160,756,972		23,559,619,134
Less: payments to provinces and territories				
Newfoundland and Labrador			968,091,461	968,091,461
Prince Edward Island			243,857,616	243,857,616
Nova Scotia			1,988,045,494	1,988,045,494
New Brunswick			1,234,978,101	1,234,978,101
Ontario			22,720,391,076	22,720,391,076
British Columbia[1]			(54,612,149)	(54,612,149)
			27,100,751,599	*27,100,751,599*
Total harmonized sales tax on hand	**(2,601,137,838)**	**26,160,756,972**	**27,100,751,599**	**(3,541,132,465)**
Total First Nations sales tax administered by Canada Revenue Agency		6,952,187		6,952,187
Less: payments to Aboriginal governments			6,952,187	6,952,187
Total First Nations sales tax on hand	–	**6,952,187**	**6,952,187**	–
Total First Nations goods and services sales tax administered by Canada Revenue Agency	–	17,765,233	–	17,765,233
Less: payments to Aboriginal governments			17,765,233	17,765,233
Total First Nations goods and services sales tax on hand	–	**17,765,233**	**17,765,233**	–
Total	1,546,959,912	109,216,811,697	106,436,925,253	4,326,846,356

[1] A negative number under the column "Payments and other charges" represents the net recovery of amounts during the year.

Miscellaneous paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Allowance for guarantees

This category of accounts payable and accrued liabilities includes the allowance for guarantees provided by the Government. An allowance is recorded for guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated. As at March 31, 2016, the allowance for guarantees is $312 million ($317 million in 2015).

Additional information relating to guarantees can be found in Note 18—Guarantees in Section 2 and in Table 11.5 in Section 11 of this volume. In addition, Table 9.6 in Section 9 includes details on the borrowings of agent and non-agent enterprise Crown corporations and other government business enterprises. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government. In contrast, borrowings of non-agent enterprise Crown corporations and other government business enterprises may, at times, be guaranteed by the Government.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Deferred revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years. The major deferred revenues of $50 million or more are reported individually. It also presents separately revenues received which have been recorded in a specified purpose account.

Table 5.5 presents the balances and transactions of deferred revenues.

Table 5.5
Deferred revenues

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Deferred revenues				
Immigration, Refugees and Citizenship				
Citizenship and Immigration				
Service fees for immigration and citizenship	193,702,903	650,027,882	621,498,364	222,232,421
Innovation, Science and Economic Development				
Industry				
Canadian Intellectual Property Office Revolving Fund	73,442,245	145,533,248	152,826,910	66,148,583
Spectrum licence fees	7,352,437,390	2,721,517,409	1,140,705,098	8,933,249,701
	7,425,879,635	*2,867,050,657*	*1,293,532,008*	*8,999,398,284*
Other deferred revenues	280,458,251	356,262,349	411,986,150	224,734,450
Consolidated Crown corporations				
Canadian Commercial Corporation				
Advances from foreign customers	1,225,509,000	188,076,000	915,988,000	497,597,000
Total	9,125,549,789	4,061,416,888	3,243,004,522	9,943,962,155
Other deferred revenues – Specified purpose accounts				
Donation and bequest accounts				
Agriculture and Agri-Food				
Shared-cost agreements – Research	11,604,644	10,782,353	6,305,589	16,081,408
Canadian Heritage				
Library and Archives of Canada				
Special Operating Account	657,384	—	566,123	91,261
Environment and Climate Change				
Environment				
Endangered species – Donations	4,925	1,394	—	6,319
Miscellaneous projects deposits	7,939,813	5,898,195	6,728,131	7,109,877
	7,944,738	*5,899,589*	*6,728,131*	*7,116,196*
Parks Canada Agency				
Pacific Rim Mitigation Fund	1,125,000	—	1,125,000	—
	9,069,738	*5,899,589*	*7,853,131*	7,116,196
Families, Children and Social Development				
Employment and Social Development				
Canadian Centre for Occupational Health and Safety Donations	110,902	2,250	—	113,152
Fisheries, Oceans and the Canadian Coast Guard				
Fisheries and Oceans				
Restricted donations	2,620	—	—	2,620
Health				
Canadian Institutes of Health Research				
Donations for research	6,509,163	6,560,983	7,810,130	5,260,016
Innovation, Science and Economic Development				
Industry				
Deposits from non-government organizations	3,803,226	1,973,813	2,415,730	3,361,309
Prime Minister's Awards	101,680	—	75,000	26,680
	3,904,906	*1,973,813*	*2,490,730*	*3,387,989*
Canadian Space Agency				
RADARSAT-2	9,374	—	—	9,374
RADARSAT-2 – Data satellite	82,561	1,664,503	1,747,064	—
	91,935	*1,664,503*	*1,747,064*	*9,374*
Social Sciences and Humanities Research Council				
Trust Fund	391,249	1,094	10,000	382,343
	4,388,090	*3,639,410*	*4,247,794*	*3,779,706*
National Defence				
Corporate sponsorships and donations	40,444	117,467	103,760	54,151

Table 5.5
Deferred revenues—*concluded*

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Civil Remedies Grant Program	–	122,900	113,036	9,864
Mounted Police Foundation	236,036	212,368	22,552	425,852
Royal Canadian Mounted Police Pipe Band (NCR)	7,163	–	–	7,163
Sponsorship Agreement—Contributions	168,653	–	–	168,653
	411,852	*335,268*	*135,588*	*611,532*
Office of the Governor General's Secretary				
Cost sharing collaborate agreement	1,500	47,220	47,510	1,210
Donations—Rideau Hall	111,827	–	16,226	95,601
	113,327	*47,220*	*63,736*	*96,811*
Transport				
Shared-cost agreements—Transportation research and development	1,254,512	792,642	1,335,661	711,493
Veterans Affairs				
Restricted donations				
Canadian Memorial	800	–	–	800
Visitor Education Centre, Vimy Memorial	290,000	2,710,000	–	3,000,000
Wounded Warrior Fund	4,237	–	3,388	849
	295,037	*2,710,000*	*3,388*	*3,001,649*
Total—Donation and bequest accounts	34,457,713	30,887,182	28,424,900	36,919,995
Endowment interest accounts				
Environment and Climate Change				
Parks Canada Agency				
Laurier House—Interest (Mackenzie King Trust Account)	–	4,163	4,163	–
Health				
Canadian Institutes of Health Research				
Endowments for health research	11,126	663	–	11,789
Innovation, Science and Economic Development				
National Research Council of Canada				
H.L. Holmes Fund	–	109,099	109,099	–
Social Sciences and Humanities Research Council				
Queen's Fellowship Fund	120,384	1,675	10,000	112,059
	120,384	*110,774*	*119,099*	*112,059*
Total—Endowment interest accounts	131,510	115,600	123,262	123,848
Total—Other deferred revenues—Specified purpose accounts	34,589,223	31,002,782	28,548,162	37,043,843
Total—Deferred revenues	9,160,139,012	4,092,419,670	3,271,552,684	9,981,005,998

Service fees for immigration and citizenship

This account was established to record fees, rights and privileges derived from the *Citizenship Act* and Regulations and the *Immigration and Refugee Protection Act* and Regulations. Fees are deferred until the application is deemed processed, while rights and privileges are deferred until they are granted.

Canadian Intellectual Property Office Revolving Fund

This account was established to record funds reserved from sources such as patents, trademarks examination and registration fees which are recognized as revenue in subsequent years.

Spectrum licence fees

This account was established to record: *(a)* funds received from spectrum auctions, which are recognized as revenues over the period of the licences; and *(b)* funds received from Spectrum Licence Fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year.

Advances from foreign customers

This account records advances from foreign customers representing a down payment made at the outset of the contract before any work has been performed.

Shared-cost agreements—Research

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by Agriculture and Agri-Food Canada as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Special Operating Account

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

Endangered species—Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

Miscellaneous projects deposits

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

Pacific Rim Mitigation Fund

This account was established to record funds received for the protection of lands within the Pacific Rim National Park Reserve of Canada. Funds so received are used to monitor community use impacts, carry out related research and implement required mitigation measures.

Donations

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Restricted donations—Fisheries and Oceans

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

Donations for research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for biomedical research.

Deposits from non-government organizations

This account was established to record amounts deposited by customers to be used for payments of services provided by the department.

Prime Minister's Awards

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence.

RADARSAT-2

This account was established to record funds received for the configuration and layout of relocated "MacDonald, Dettwiler and Associates" personnel.

RADARSAT-2—Data satellite

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloging and satellite acquisition services.

Trust Fund—Social Sciences and Humanities Research Council

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

Corporate sponsorships and donations

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

Civil Remedies Grant Program

This account was established to record grants received under the authority of the Ontario *Civil Remedies Act* and the British Columbia *Civil Forfeiture Act*. These grants are used to support the prevention of unlawful activities that result in victimization and requirements for police specialized equipment and training.

Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

Royal Canadian Mounted Police Pipe Band (National Capital Region)

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

Sponsorship agreement—Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

Cost sharing collaborate agreement

This account was established to record amounts deposited by external parties for shared-cost projects.

Donations—Rideau Hall

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

Shared-cost agreements—Transportation research and development

This account was established to record, on a temporary basis; *(a)* funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and *(b)* funds received from private sector and provincial governments to directly support the departmental strategic objectives.

Restricted donations—Canadian Memorial

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

Restricted donations—Visitor Education Centre, Vimy Memorial

This account was established to record directed donations for the purpose of providing assistance to the construction of a visitor education centre at the Canadian National Vimy Memorial.

Restricted donations—Wounded Warrior Fund

This account was established to record directed donations for the purpose of providing assistance to support the pilot project designed to assist disenfranchised Veterans in crisis.

Laurier House—Interest (Mackenzie King Trust Account)

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Amounts payable to taxpayers

Amounts payable to taxpayers are based on assessments as well as estimates of refunds owing for assessments not completed by year end.

Table 5.6 presents a summary of the balances for the different tax revenue streams.

Table 5.6
Amounts payable to taxpayers

(in dollars)

	March 31, 2016	March 31, 2015
Personal and non-resident income tax	34,585,461,543	35,867,570,481
Corporate income tax	8,293,710,337	9,327,020,173
Goods and services tax	10,755,233,354	10,904,113,838
Customs and excise	62,888,394	99,566,568
Total	53,697,293,628	56,198,271,060

Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other withholders of personal income tax. This account also includes any interest owing on the balances.

Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of contaminated sites, estimated costs related to obligations associated with the retirement of tangible capital assets and other environmental liabilities.

Contaminated sites

A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate applied is taken from the Government's Consolidated Revenue Fund monthly lending rates for periods of one year and over which is based on the Government's cost of borrowing. The discount rates used are based on the term rate associated with the estimated number of years to complete remediation. For remediation costs with estimated future cash flows spanning more than 25 years, the 25-year Consolidated Revenue Fund lending rate is used as the discount rate.

The Government has identified approximately 7,900 sites (8,600 sites in 2015) where contamination may exist and assessment, remediation and monitoring may be required. Of these, the Government has identified approximately 2,400 sites (2,400 sites in 2015), where action is possible and for which a gross liability of $5,954 million ($5,810 million in 2015) has been recorded. This liability estimate has been determined based on site assessments performed by scientific/engineering contractors. In 2016, a statistical model was developed to estimate the liability for a group of unassessed sites based on a projection of the number of sites that will proceed to remediation and applying current and historical costs. As a result, there are 4,300 unassessed sites where a liability estimate of $320 million has been recorded prospectively in 2016. These two estimates combined, totalling $6,274 million ($5,810 million in 2015), represents the Government's best estimate of the costs required to remediate sites to the current minimum standard for its use prior to contamination, based on information available at the financial statement date.

Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are satisfied: there is an agreement, contract, legislation, or a constructive or equitable obligation that obligates the Government to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. These costs are normally capitalized and amortized over the asset's estimated useful life based on the Government's best estimates of the cost to retire the tangible asset. If the related asset is fully amortized, the related cost is expensed. The liability reflects the present value of estimated future cash flows required to retire the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities or assets are removed from service.

The asset retirement obligation is $6,767 million ($6,502 million in 2015) of which Atomic Energy of Canada Ltd. has recorded $6,763 million ($6,487 million in 2015) for nuclear facility decommissioning. In 2016, an amount of $233 million ($107 million in 2015) for the revisions in estimate and timing of expenditures was recorded. Also, an amount of $251 million ($250 million in 2015) was recognized to account for the unwinding of discount and the effect of change in discount rate and an amount of $ 219 million ($200 million in 2015) was recorded to settle the liabilities.

Other environmental liabilities

A liability for unexploded explosive ordnance (UXO) affected legacy sites is recognized when there is an appropriate basis for measurement and a reasonable estimate can be made. These liabilities are present obligations arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

The recorded environmental liabilities are adjusted each year, as required, for present value adjustments, inflation, new obligations, changes in estimates and actual costs incurred.

If the likelihood of the Government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated statements. If measurement uncertainty exists it is also disclosed in the notes to the consolidated statements.

The Government has identified approximately 893 UXO (918 in 2015) suspected sites for which clearance action may be necessary. Of these sites, 61 (57 in 2015) are confirmed UXO affected sites. Based on the Government's best estimates, a liability of $272 million ($1.3 million in 2015) has been recorded for clearance action on 10 (5 in 2015) of the confirmed UXO sites. Remediation has been done on 14 of the sites and they will be closed in the next fiscal year. The remaining 869 suspect sites are currently in the assessment stage and a reasonable estimate cannot yet be determined. Of these sites, the obligation for clearance action is likely for 61 sites, indeterminable for 667 sites and unlikely for 141 sites.

The Government's ongoing efforts to assess contaminated sites, asset retirement obligations and UXO affected sites may result in additional environmental liabilities.

Table 5.7 presents the liability balances of the custodian departments and Crown corporations for remediation liabilities for contaminated sites, asset retirement obligations and other environmental liabilities.

Table 5.7
Environmental liabilities

(in dollars)

	March 31, 2016	March 31, 2015
Remediation liabilities for contaminated sites		
Departments and agencies		
Agriculture and Agri-Food	4,836,741	2,422,353
Canada Border Services Agency	1,183,764	2,479,624
Correctional Service of Canada	1,708,685	2,017,213
Environment	141,417,724	122,609,100
Fisheries and Oceans	108,219,424	104,558,273
Foreign Affairs, Trade and Development	15,000	
Health	172,705	167,497
Indian Affairs and Northern Development	3,795,691,347	3,017,667,968
National Defence	519,370,599	425,387,988
National Research Council of Canada	240,832	170,421
Natural Resources	4,614,482	988,830,523
Parks Canada Agency	37,236,526	24,171,903
Public Works and Government Services	258,591,282	314,549,713
Royal Canadian Mounted Police	6,419,203	2,874,887
Transport	188,399,845	146,573,661
Miscellaneous adjustment		580,000,000
	5,068,118,159	*5,734,481,124*
Consolidated Crown corporations and other entities		
Atomic Energy of Canada Limited	1,109,493,000	-
Canadian Broadcasting Corporation	343,000	377,000
Marine Atlantic Inc	377,000	431,000
National Capital Commission	50,345,000	43,850,000
The Federal Bridge Corporation Limited	1,420,000	-
The Jacques-Cartier and Champlain Bridges Incorporated	43,170,000	31,100,000
VIA Rail Canada Inc	300,000	200,000
	1,205,448,000	*75,958,000*
Gross remediation liability for contaminated sites	6,273,566,159	5,810,439,124
Less expected recoveries – Indian Affairs and Northern Development	30,681,572	17,321,495
Net remediation liability of contaminated sites	6,242,884,587	5,793,117,629
Asset retirement obligations		
Departments and agencies	577,920	566,494
Consolidated Crown corporations and other entities		
Atomic Energy of Canada Limited (nuclear facility decommissioning)	6,763,423,000	6,487,228,000
Others	3,015,000	13,920,000
	6,766,438,000	*6,501,148,000*
Total asset retirement obligations	6,767,015,920	6,501,714,494
Other environmental liabilities		
Departments and agencies		
National Defence (unexploded explosive ordnance affected sites)	272,072,942	1,312,586
Total environmental liabilities	13,281,973,449	12,296,144,709

Changes in liability for remediation of contaminated sites

Table 5.8 presents a summary of the changes in liability balances for contaminated sites. In addition to expenditures reducing environmental liabilities previously recorded, the government spent another $18,462,079 ($32,423,575 in 2015) as management and remediation costs on its contaminated sites when these costs became known in the year.

Table 5.8
Changes in liability for remediation of contaminated sites

(in dollars)

	March 31, 2016	March 31, 2015
Opening balance	5,810,439,124	4,795,679,415
Less: Expenditures reducing opening liabilities	298,932,567	299,922,633
Add:		
Changes in estimated remediation costs	544,754,907	1,276,011,671
New liability for sites not previously recorded	217,304,695	38,670,671
Closing balance (gross)	6,273,566,159	5,810,439,124
Expected recoveries	30,681,572	17,321,495
Closing balance (net)	6,242,884,587	5,793,117,629

Interest and matured debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 5.9 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

Table 5.9
Interest and matured debt

(in dollars)

	March 31, 2016	March 31, 2015
Interest due	792,709,607	914,909,147
Interest accrued	3,743,885,649	3,971,630,713
Matured debt	384,959,325	352,895,325
Total	4,921,554,581	5,239,435,185

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier.

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Section 6

2015–2016

Public Accounts of Canada

Interest-bearing debt

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Interest-bearing debt

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pensions, other future benefits and other liabilities.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Independent Auditor's Reports thereon, are presented at the end of this section.

A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

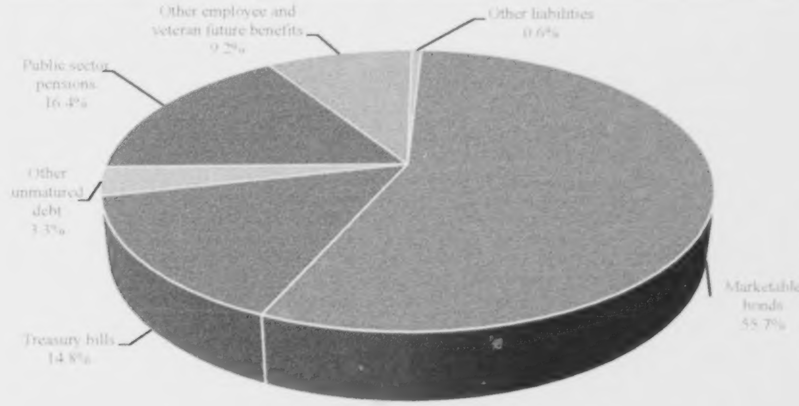
Table 6.1
Interest-bearing debt

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Unmatured debt[1]				
Payable in Canadian currency				
Marketable bonds, Table 6.2	487,881,385,000	93,474,530,500	77,288,201,000	504,067,714,500
Treasury bills, Table 6.3	135,691,690,000	357,500,000,000	355,091,690,000	138,100,000,000
Retail debt, Table 6.4	5,659,734,773	1,876,054,521	2,459,736,148	5,076,053,146
	629,232,809,773	*452,850,585,021*	*434,839,627,148*	*647,243,767,646*
Payable in foreign currencies				
Marketable bonds, Table 6.2	14,754,356,126	554,272,154	3,078,215	15,305,550,065
Canada bills, Table 6.5	3,788,566,525	25,557,491,161	24,598,654,641	4,747,403,045
Medium-term notes, Table 6.6	1,724,145,000	705,300,000		2,429,445,000
	20,267,067,651	*26,817,063,315*	*24,601,732,856*	*22,482,398,110*
Total—Market Debt	649,499,877,424	479,667,648,336	459,441,360,004	669,726,165,756
Unamortized discounts and premiums on market debt, Table 6.7	4,295,595,310	2,231,037,011	1,479,803,188	5,046,829,133
Total—Market Debt including unamortized discounts and premiums	653,795,472,734	481,898,685,347	460,921,163,192	674,772,994,889
Cross-currency swap revaluation	6,669,558,394		(1,721,833,921)	8,391,392,315
Obligation related to capital leases, Table 6.12	3,709,577,586	60,433,238	293,129,169	3,476,881,655
Other unmatured debt	1,004,815,733	574,432,084	9,405,908	1,569,841,909
Total—Unmatured debt	665,179,424,447	482,533,550,669	459,501,864,348	688,211,110,768
Pensions, other future benefits and other liabilities				
Public sector pensions, Table 6.15	152,664,206,404	17,340,863,453	17,778,004,429	152,227,065,428
Other employee and veteran future benefits, Table 6.28	76,140,483,000	14,237,268,000	4,696,440,000	85,681,311,000
Other liabilities				
Due to Canada Pension Plan, Table 6.29	212,059,870	74,740,072,278	74,917,403,413	34,728,735
Government Annuities Account	149,598,084	9,849,652	25,627,645	133,820,091
Deposit and trust accounts, Table 6.30	1,674,525,011	894,329,922	1,124,183,636	1,444,671,297
Other specified purpose accounts, Table 6.33	3,965,275,386	2,462,170,111	2,438,831,480	3,988,614,017
	6,001,458,351	*78,106,421,963*	*78,506,046,174*	*5,601,834,140*
Total—Pensions, other future benefits and other liabilities	234,806,147,755	109,684,553,416	100,980,490,603	243,510,210,568
Total	899,985,572,202	592,218,104,085	560,482,354,951	931,721,321,336

[1] This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11

Chart 6A
Interest-bearing debt by category at March 31, 2016



Unmatured debt

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross-currency swap revaluation and unamortized discounts and premiums on market debt, obligations related to capital leases and other unmatured debt.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Marketable bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2016.

Table 6.2
Marketable bonds

(in dollars)

	April 1, 2015	Receipts and other credits[1]	Payments and other charges[1]	March 31, 2016
Payable in Canadian currency				
Matured 2015–2016	56,408,734,000	—	56,408,734,000	—
Maturing				
2016–2017	95,367,400,000	—	18,176,317,000	77,191,083,000
2017–2018	53,742,526,000	39,100,000,000	1,493,341,000	91,349,185,000
2018–2019	31,022,764,000	11,100,000,000	—	42,122,764,000
2019–2020	38,050,000,000	—	—	38,050,000,000
2020–2021	13,667,361,000	26,800,000,000	—	40,467,361,000
2021–2022	19,529,436,999	154,732,501	—	19,684,169,500
2022–2023	12,906,022,000	—	—	12,906,022,000
2023–2024	16,558,552,000	—	—	16,558,552,000
2024–2025	13,800,000,000	—	—	13,800,000,000
2025–2026	12,903,156,000	2,500,000,000	—	15,403,156,000
2026–2027	7,430,744,999	7,648,470,001	—	15,079,215,000
2027–2028	4,430,175,000	—	394,200,000	4,035,975,000
2029–2030	11,141,658,000	—	191,725,000	10,949,933,000
2031–2032	7,889,681,999	157,644,001	—	8,047,326,000
2033–2034	12,795,905,000	—	—	12,795,905,000
2036–2037	7,060,716,002	141,043,498	—	7,201,759,500
2037–2038	13,587,073,000	—	70,116,000	13,516,957,000
2041–2042	23,013,804,000	146,261,500	—	23,160,065,500
2044–2045	8,279,964,001	165,395,999	—	8,445,360,000
2045–2046	16,400,000,000	—	—	16,400,000,000
2047–2048	3,327,192,000	2,328,953,000	—	5,656,145,000
2048–2049	4,600,000,000	3,200,000,000	—	7,800,000,000
2064–2065	3,500,000,000	—	—	3,500,000,000
	487,412,866,000	93,442,500,500	76,734,433,000	504,120,933,500
Less:				
Government holdings of unmatured debt	—	—	(500,000,000)	500,000,000
Consolidation adjustment[2]	(468,519,000)	(32,030,000)	(53,768,000)	(446,781,000)
	(468,519,000)	*(32,030,000)*	*(553,768,000)*	*53,219,000*
Total marketable bonds payable in Canadian currency	487,881,385,000	93,474,530,500	77,288,201,000	504,067,714,500
Payable in foreign currencies				
Maturing				
2016–2017	3,841,906,850	97,367,132	—	3,939,273,982
2017–2018	4,433,100,000	112,350,000	—	4,545,450,000
2018–2019	3,820,166,928	96,816,168	—	3,916,983,096
2019–2020	2,727,433,100	232,512,350	—	2,959,945,450
	14,822,606,878	539,045,650		15,361,652,528
Less: Government's holdings and securities held for the retirement of unmatured debt[3]	68,250,752	15,226,504	3,078,215	56,102,463
Total marketable bonds payable in foreign currencies	14,754,356,126	554,272,154	3,078,215	15,305,550,065
Total	502,635,741,126	94,028,802,654	77,291,279,215	519,373,264,565

[1] These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

[2] Includes $5 million of securities held by consolidated Crown corporations and other entities and $452 million of borrowings by consolidated agent Crown corporations. Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

[3] These securities were assumed by the Government of Canada on February 5, 2001 upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

Treasury bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- issued in Canadian currency only;
- issued every 2 weeks;
- common terms: 3 months, 6 months and 12 months;
- transferable; and
- bought and sold on the open market.

The balance at March 31, 2016 consists of $41,000 million in three-month bills; $29,700 million in six-month bills; $65,200 million in 364-day bills; and $2,200 million in odd-issue bills.

Table 6.3 presents a summary of Treasury bill issues and redemptions.

Table 6.3
Treasury bills

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Three-month bills	41,300,000,000	169,600,000,000	169,900,000,000	41,000,000,000
Six-month bills	28,300,000,000	65,200,000,000	63,800,000,000	29,700,000,000
Other bills	66,100,000,000	122,700,000,000	121,400,000,000	67,400,000,000
	135,700,000,000	357,500,000,000	355,100,000,000	138,100,000,000
Less: Consolidation adjustment[1]	8,310,000	–	8,310,000	–
Total	135,691,690,000	357,500,000,000	355,091,690,000	138,100,000,000

[1] Represents securities held by consolidated Crown corporations and other entities. Additional information is provided in Section 4 of this volume

Retail debt

Retail debt includes Canada savings bonds and Canada premium bonds which are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of three years or more;
- Canada savings bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and
- Canada premium bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

Table 6.4 presents a summary of the balances and transactions for Canada savings bonds and Canada premium bonds.

Table 6.4
Retail debt

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Canada savings bonds (CSB)				
Matured 2015–2016[1]	589,068,860	—	589,068,860	—
Maturing				
2016–2017[2]	876,224,920	—	261,016,646	615,208,274
2017–2018[3]	1,020,548,479	805,243,944	813,034,433	1,012,757,990
2018–2019[4]	559,157,118	953,038,146	251,119,968	1,261,075,296
2019–2020[5]	261,858,705	—	37,489,075	224,369,630
2020–2021[6]	272,056,204	—	43,620,708	228,435,496
2021–2022	331,015,491	—	61,130,441	269,885,050
	3,909,929,777	*1,758,282,090*	*2,056,480,131*	*3,611,731,736*
Canada premium bonds (CPB)				
Matured 2015–2016	312,921,110	—	312,921,110	—
Maturing				
2016–2017	264,224,401	—	15,428,333	248,796,068
2017–2018	203,197,228	2,100	12,381,098	190,818,230
2018–2019[4]	433,085,017	117,770,331	18,919,518	531,935,830
2019–2020[5]	243,347,237	—	22,475,314	220,871,923
2020–2021[6]	149,755,468	—	10,236,568	139,518,900
2021–2022	143,274,535	—	10,894,076	132,380,459
	1,749,804,996	*117,772,431*	*403,256,017*	*1,464,321,410*
Total	5,659,734,773	1,876,054,521	2,459,736,148	5,076,053,146

[1] Ten years maturity extension to CSB Series 48 until November 1, 2015.

[2] Ten years maturity extension to CSB Series 49 until November 1, 2016.

[3] Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.

[4] Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.

[5] Ten years maturity extension to CSB Series 59, 60, 61, 62, 63, 64 and CPB Series 8, 9, 10, 11, 12, 13.

[6] Ten years maturity extension to CSB Series 65 and CPB Series 14.

Canada bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2016.

Table 6.5 presents a summary of Canada bill issues and redemptions.

Table 6.5
Canada bills

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Canada bills before revaluation	3,472,009,534	25,557,491,161	24,354,304,351	4,675,196,344
Exchange valuation adjustment	316,556,991	–	244,350,290	72,206,701
Total	3,788,566,525	25,557,491,161	24,598,654,641	4,747,403,045

Medium-term notes

Medium-term notes are issued by the Government of Canada in the foreign markets under the Government's foreign currency borrowing program, and thus provide Canada with an additional source of medium-term foreign funds.

The year-end balances of medium-term notes payable in US dollars and Euros were translated into Canadian dollars using the closing rate of exchange of the appropriate currency at March 31, 2016.

Table 6.6 presents a summary of the balances and transactions for the medium-term notes.

Table 6.6
Medium-term notes

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Payable in foreign currencies				
Maturing				
2016–2017	506,640,000	12,840,000	–	519,480,000
2018–2019	–	324,675,000	–	324,675,000
2019–2020	284,985,000	266,962,500	–	551,947,500
2020–2021	932,520,000	35,887,500	–	968,407,500
2021–2022	–	64,935,000	–	64,935,000
Total	1,724,145,000	705,300,000		2,429,445,000

Unamortized discounts and premiums on market debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on Treasury bills records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

Table 6.7 presents a summary of the balances and transactions for the unamortized discounts and premiums on market debt.

Table 6.7
Unamortized discounts and premiums on market debt

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Unamortized discounts on Canada bills	(655,885)	9,825,138	12,407,856	(3,238,603)
Unamortized discounts on Treasury bills	(330,974,318)	861,165,644	736,356,615	(206,165,289)
Unamortized discounts and premiums on marketable bonds	4,627,225,513	1,360,046,229	731,038,717	5,256,233,025
Total	4,295,595,310	2,231,037,011	1,479,803,188	5,046,829,133

Cross-currency swap revaluation

This represents the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross-currency swaps.

Interest rates

Table 6.8 sets out market debt as at March 31, for each of the years 2011–2012 to 2015–2016 inclusively, with the average rate of interest thereon. For purposes of comparison, market debt is classified as Marketable bonds, Treasury bills, Retail debt, Bonds for Canada Pension Plan, Canada bills and Medium-term notes.

Table 6.8
Market debt as at March 31, from 2012 to 2016, with the average rate of interest thereon

(in millions of dollars)

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Medium-term notes		Total market debt	
	Amount out- standing	Average interest rate %	Amount out- standing	Average interest rate %	Amount out- standing	Average interest rate %	Amount out- standing	Average interest rate %	Amount out- standing	Average interest rate %	Amount out- standing	Average interest rate %	Amount out- standing	Average interest rate %
2016	519,373	2.47	138,100	0.50	5,076	0.67	—	—	4,748	0.43	2,429	0.67	669,726	2.03
2015	502,635	2.70	135,692	0.81	5,660	0.71	—	—	3,789	0.08	1,724	0.35	649,500	2.27
2014	486,313	2.85	152,990	0.96	6,327	0.72	—	—	2,290	0.08	746	0.46	648,666	2.37
2013	477,738	3.03	180,689	1.03	7,481	0.76	—	—	2,103	0.13	—	—	668,011	2.45
2012	456,784	3.30	163,221	0.99	8,922	0.81	11	9.37	2,071	0.07	—	—	631,009	2.65

Note: The interest rate in effect at March 31 is used where various rates of interest are applicable.

Table 6.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 2011–2012 to 2015–2016 inclusively.

Table 6.9
Treasury bills average yields at tender

(in percentage)

Year ended March 31	High	Low	Last issue
Three-month bills			
2016	0.67	0.37	0.46
2015	0.95	0.47	0.53
2014	1.02	0.83	0.88
2013	1.04	0.89	0.98
2012	0.98	0.82	0.93
Six-month bills			
2016	0.69	0.37	0.51
2015	0.98	0.45	0.54
2014	1.06	0.87	0.91
2013	1.12	0.94	1.01
2012	1.14	0.88	1.02
364 days bills			
2016	0.72	0.38	0.54
2015	1.02	0.43	0.53
2014	1.13	0.94	0.96
2013	1.26	0.96	1.04
2012	1.47	0.85	1.10
Other bills			
2016	0.67	0.45	0.53
2015	0.98	0.68	0.71
2014	1.04	0.77	0.81
2013	1.07	0.93	0.98
2012	1.00	0.82	0.97

Maturity of Government debt

Table 6.10 presents total market debt arranged in order of maturity.

Table 6.10
Maturity of Government debt

(in millions of dollars)

	Marketable bonds		Treasury bills		Retail debt		Canada bills		Medium-term notes		Total market debt	
	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %
2017	81,130	1.68	138,100	0.50	864	0.68	4,748	0.43	519	0.54	225,361	3.82
2018	95,895	1.29	—		1,204	0.63	—		—		97,099	1.93
2019	46,040	1.85	—		1,793	0.67	—		325	0.53	48,158	2.98
2020	41,010	2.68	—		445	0.61	—		552	0.26	42,007	4.57
2021	40,467	1.78	—		368	0.84	—		968	0.44	41,803	5.10
2022–2026	78,352	3.00	—		402	0.73	—		65	0.63	78,819	4.36
2027–2031	30,065	4.61	—		—		—		—		30,065	4.61
2032–2036	20,843	5.07	—		—		—		—		20,843	5.07
2037–2041	20,719	4.30	—		—		—		—		20,719	4.30
2042–2046	48,005	3.08	—		—		—		—		48,005	3.08
2047–2051	13,456	2.12	—		—		—		—		13,456	2.12
2062–2066	3,500	2.75	—		—		—		—		3,500	2.75
	519,482	2.47	138,100	0.50	5,076	0.67	4,748	0.43	2,429	0.67	669,835	2.03
Less: Government's holdings and consolidation adjustment[1]	109		—		—		—		—		109	
Total	519,373	2.47	138,100	0.50	5,076	0.67	4,748	0.43	2,429	0.67	669,726	2.03

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

[1] Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds – $56 million with an average interest rate of 7.96 per cent) and consolidation adjustments.

Statement of all borrowing transactions on behalf of Her Majesty

Table 6.11 presents information on the Government's borrowing transactions. Included in this table are borrowings by the Government for general purposes and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

Table 6.11
Statement of all borrowing transactions on behalf of Her Majesty

(in millions of dollars)

	April 1, 2015	Issues/ Borrowings	Retirements	March 31, 2016
Market debt of the Government of Canada[1]	649,500	479,667	459,441	669,726
Cross-currency swap revaluation	6,669	—	(1,722)	8,391
Unamortized discounts and premiums on market debt[1]	4,296	2,231	1,480	5,047
Obligation related to capital leases[1]	3,710	60	293	3,477
Other unmatured debt	1,005	574	9	1,570
	665,180	*482,532*	*459,501*	*688,211*
Borrowings of enterprise Crown corporations designated as agents of Her Majesty	253,049	87,353	73,968	266,434
Total	918,229	569,885	533,469	954,645

[1] Details can be found in this section.

Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

Table 6.12 presents the obligation related to capital lease agreements by asset type.

Table 6.12
Obligation related to capital leases

(in dollars)

	April 1, 2015	Net changes	March 31, 2016
Land	5,532,757	(885,438)	4,647,319
Buildings	2,748,639,673	(132,373,082)	2,616,266,591
Works and infrastructure	530,077,828	(21,041,230)	509,036,598
Machinery and equipment	145,481,248	(23,740,448)	121,740,800
Vehicles	279,846,080	(54,655,733)	225,190,347
Total	3,709,577,586	(232,695,931)	3,476,881,655

Capital leases

Table 6.13 provides details of obligation under capital lease arrangements.

Table 6.13
Details of obligation related to capital leases

(in thousands of dollars)

				Balances at March 31, 2016		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less imputed interest using the discount rate	Net obligations under capital lease arrangements
Environment and Climate Change						
Environment						
Carleton University, Ottawa—National Wildlife Research Centre	May 2002	25	5.63	*14,300*	*3,850*	*10,450*
Parks Canada Agency						
Greenwich Interpretation Multipurpose Centre	March 2001	24	6.30	3,580	881	2,699
Rocky Mountains Co-operative Housing Association	Nov 2001	18	6.30	530	59	471
Other capital leases less than $1,000,000				16	2	14
				4,126	*942*	*3,184*
National Defence						
Boilers (2) Stadacona/Dockyard Halifax	Oct 2014	3	1.31	2,841	43	2,798
Edmonton Armoury—North	Dec 2000	20	5.62	6,602	807	5,795
Edmonton Armoury—South	May 2001	20	6.07	10,800	1,519	9,281
FELEX Facility—1250 Lockley Road	Feb 2011	6	7.38	696	21	675
Longue Pointe Supply Depot	Nov 1994	35	7.64	46,232	17,685	28,547
Milit-Air Capital Lease (NFTC)	Oct 2003	17	5.87	32,395	4,284	28,111
Milit-Air Capital Lease (NFTC)	Dec 1999	20	5.78	220,173	23,382	196,791
Montfort Hospital—Health Services	Oct 2003	17	5.26	41,818	7,420	34,398
Shawinigan Armoury	May 1999	20	5.46	1,739	143	1,596
				363,296	*55,304*	*307,992*
Natural Resources						
183 Longwood Drive, Hamilton	Nov 2010	25	3.45	*88,632*	*24,297*	*64,335*

Table 6.13
Details of obligation related to capital leases—*continued*

(in thousands of dollars)

				Balances at March 31, 2016		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Public Safety and Emergency Preparedness						
Royal Canadian Mounted Police						
Firing range, Chilliwack	Feb 2016	4	3.50	2,431	185	2,246
RCMP Detachment, Cornwall	Aug 2009	25	5.54	21,106	7,893	13,213
Other capital leases less than $1,000,000				1,107	414	693
				24,644	*8,492*	*16,152*
Public Services and Procurement						
Public Works and Government Services						
1 Arctic Road, Inuvik	March 2008	10	10.73	343	36	307
110 O'Connor Street, Ottawa (Lease 1 of 6)	April 2009	10	5.70	1,734	144	1,590
110 O'Connor Street, Ottawa (Lease 2 of 6)	April 2009	10	5.43	1,701	135	1,566
110 O'Connor Street, Ottawa (Lease 3 of 6)	Dec 2009	10	5.43	3,465	329	3,136
110 O'Connor Street, Ottawa (Lease 4 of 6)	Dec 2009	10	5.43	2,569	244	2,325
110 O'Connor Street, Ottawa (Lease 5 of 6)	Dec 2009	10	5.43	1,342	128	1,214
110 O'Connor Street, Ottawa (Lease 6 of 6)	April 2010	10	4.37	759	59	700
1104 Ikaluktuutiak Drive, Iqaluit	Nov 2011	10	2.60	3,581	251	3,330
111 Lombard Avenue, Winnipeg	Nov 2014	20	2.69	21,494	4,593	16,901
1164 Devonshire Avenue, North Bay	April 2011	10	3.67	975	85	890
117 Glencoe Drive, Mount Pearl	Aug 2009	10	3.57	1,253	73	1,180
1200 Commissioners Road East, London	Dec 2012	10	9.02	2,514	633	1,881
12511 Vulcan Way, Richmond	July 2014	15	4.25	1,998	473	1,525
1300 Bath Road, Kingston	Feb 2012	10	2.20	722	45	677
1363 4th Avenue, Prince George	Dec 2010	10	6.84	816	119	697
139 Douglastown Boulevard, Miramichi	Oct 2012	10	1.95	3,051	188	2,863
1431 Merivale Road, Ottawa	Oct 2007	10	8.22	788	49	739
144 Millennium Drive, Quispamsis	Nov 2011	15	8.74	1,355	473	882
1484 Centennial Drive, Kingston	Oct 2006	10	18.24	230	10	220
1550 d'Estimauville Avenue, Quebec	Nov 2011	20	8.24	68,000	29,778	38,222
159 Cleopatra Drive, Ottawa	March 2011	10	1.33	2,758	90	2,668
1600 Star Top Road, Ottawa	July 2004	15	7.15	9,942	1,095	8,847
165 Edgecomb Drive, Charlottetown	Aug 2012	15	8.65	1,733	631	1,102
1725 Woodward Drive, Ottawa (Lease 1 of 2)	Dec 2009	10	8.94	1,645	247	1,398
1725 Woodward Drive, Ottawa (Lease 2 of 2)	Dec 2009	10	8.55	1,520	219	1,301
179 3rd Avenue, Timmins	Feb 2010	10	8.69	2,932	446	2,486
180 Bass Pro Mills Drive, Vaughan	Sept 2014	10	2.20	4,823	424	4,399
1801 Hollis and Duke, Halifax	Oct 2009	10	3.89	1,741	117	1,624
181 Queen Street, Ottawa	March 2004	20	10.65	29,668	9,808	19,860
1925 McCallum Road, Abbotsford	Nov 2008	15	4.30	3,290	509	2,781
200 John Street West, Oshawa	Nov 2009	10	7.16	996	120	876
2030 Pie IX Boulevard, Montreal	May 2015	10	3.83	2,305	361	1,944
215-219 George Street, Peterborough	April 2012	10	4.48	1,051	136	915
22 de Varennes Street, Gatineau	Nov 2007	10	10.97	981	84	897
22 Eddy Street, Gatineau	May 2013	25	7.89	263,640	139,727	123,913
220 Fortin Street, Quebec	Dec 2007	10	15.65	393	49	344
2250 St-Olivier Street, Trois-Rivières	Sept 2012	10	9.03	2,301	559	1,742
2455 Don Reid Drive, Ottawa	Dec 2009	15	7.71	2,674	728	1,946
2575 Sainte-Anne Boulevard, Quebec	April 2015	20	10.32	41,826	23,522	18,304
2655 Lancaster Road, Ottawa (Lease 1 of 2)	Feb 2009	8	3.94	165	3	162
2655 Lancaster Road, Ottawa (Lease 2 of 2)	July 2009	8	4.66	145	3	142
269 Laurier Avenue, Ottawa	Sept 2005	15	4.18	25,802	2,279	23,523

Table 6.13
Details of obligation related to capital leases—*continued*

(in thousands of dollars)

				Balances at March 31, 2016		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
275 De Baets Street, Winnipeg	Feb 2007	10	17.42	233	18	215
295 Belliveau Avenue, Shediac	Jan 2007	15	7.93	2,243	452	1,791
3 Lower Malpeque Road, Charlottetown	June 2008	10	4.19	306	14	292
30 Victoria Street, Gatineau	June 2013	25	7.89	264,615	140,543	124,072
301 Bishop Drive, Fredericton	Feb 2014	15	5.30	2,322	640	1,682
3020 Hawthorne Road, Ottawa	Dec 2012	15	2.27	6,636	811	5,825
3085 Glen Erin Drive, Mississauga (Lease 1 of 2)	Aug 2010	7	7.28	380	19	361
3085 Glen Erin Drive, Mississauga (Lease 2 of 2)	Nov 2010	10	5.74	1,320	162	1,158
325 Broadway Avenue, Winnipeg	Jan 2008	10	10.37	2,435	217	2,218
3299 Industriel Boulevard, Sherbrooke	Nov 2009	10	6.24	716	76	640
351 Saint-Joseph Boulevard, Gatineau (Lease 1 of 3)	Aug 2011	25	5.28	73,234	28,383	44,851
351 Saint-Joseph Boulevard, Gatineau (Lease 2 of 3)	Dec 2011	25	7.33	18,904	9,145	9,759
351 Saint-Joseph Boulevard, Gatineau (Lease 3 of 3)	Aug 2014	12	2.45	10,259	1,210	9,049
360 George Street North, Peterborough	April 2012	10	8.70	1,360	303	1,057
3600 Lysander Lane, Richmond	March 2010	10	0.43	1,564	13	1,551
395 Terminal Avenue, Ottawa	Jan 2013	15	2.67	52,341	7,463	44,878
4110 Wellington Street, Verdun	June 2012	10	7.20	1,000	190	810
419 Kensington Avenue, Estevan	Oct 2011	10	2.87	716	54	662
425 Bloor Street, Toronto	June 2014	10	2.39	2,076	192	1,884
444 5th Street, Shawinigan	Dec 2011	10	8.50	1,809	377	1,432
455 de la Carrière Boulevard, Gatineau	Nov 2012	25	6.86	197,400	96,214	101,186
485 Bishop Drive, Fredericton	Dec 2011	15	6.16	1,217	327	890
4901-05 46th Street, Red Deer	Aug 2011	10	3.11	1,367	109	1,258
5019 52nd Street, Yellowknife	Feb 2011	10	2.54	1,030	62	968
5151 De la Savane Street, Montreal	June 2014	10	2.39	2,209	204	2,005
520 Exmouth Street, Sarnia	Dec 2006	10	4.08	357	5	352
522 Main Street, Shediac	April 2012	10	2.34	2,138	145	1,993
555 McAllister Drive, Saint John	Nov 2007	10	8.16	1,010	66	944
559 College Street, Toronto	July 2012	10	2.24	1,976	127	1,849
635 8th Avenue South West, Calgary	July 2009	10	3.55	3,558	202	3,356
6500 Trans-Canada Highway, Pointe-Claire	Sept 2012	10	1.95	798	48	750
6503 67th Street, Red Deer	Sept 2009	10	4.81	448	36	412
667 Notre-Dame Street, Repentigny	April 2013	10	2.01	1,030	70	960
8 Colonnade Road, Ottawa	May 2007	10	5.91	315	11	304
8 Oakes Avenue, Kirkland Lake	April 2012	10	6.93	5,166	949	4,217
8 Queen Street East, Sault Ste Marie	June 2010	10	4.95	1,217	119	1,098
81 Kingmingya Road, Inuvik	Jan 2011	10	7.35	726	115	611
81 Mulcaster Street, Barrie	Sept 2012	15	12.99	6,360	3,053	3,307
825-827 Fort Street, Victoria	Oct 2011	10	2.66	1,050	74	976
859 Main Street, Moncton	July 2008	10	5.49	436	27	409
90 Elgin Street, Ottawa	Nov 2014	25	7.23	460,744	239,934	220,810
933 Mivvik Street, Iqualuit (Lease 1 of 2)	June 2013	10	2.19	3,720	280	3,440
933 Mivvik Street, Iqualuit (Lease 2 of 2)	Sept 2013	10	2.72	2,654	253	2,401
985 McGill Place, Kamloops	June 2002	15	13.50	358	28	330
98-100 Racine Street East, Saguenay	June 2011	9	5.36	886	110	776
Admiral Building, Ottawa	Aug 2009	15	11.51	1,484	546	938
Albion Executive Tower, Ottawa	Dec 2009	10	6.80	1,178	138	1,040
Anderson Building, Selkirk	Jan 2012	10	2.18	719	43	676
Barker House, Fredericton	April 2010	10	2.82	1,468	81	1,387
Bell Canada Place, Ottawa	May 2003	15	10.88	1,968	214	1,754
Broad Street Crossing, Regina (Lease 1 of 2)	May 2008	10	4.88	454	23	431
Broad Street Crossing, Regina (Lease 2 of 2)	May 2008	10	9.77	351	35	316

Table 6.13
Details of obligation related to capital leases—*continued*

(in thousands of dollars)

				Balances at March 31, 2016		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less imputed interest using the discount rate	Net obligations under capital lease arrangements
Canada Building, Ottawa	April 2007	10	4.27	722	16	706
Canada Place Building, Edmonton	Oct 2007	25	4.44	319,553	97,839	221,714
Canada Post Place, Ottawa	Dec 2004	15	4.91	11,255	974	10,281
Cargill Building, Winnipeg	July 2008	10	7.38	2,587	210	2,377
Carling Square, Tower I, Ottawa	Oct 2007	10	11.76	1,245	109	1,136
Carling Square, Tower II, Ottawa	Dec 2007	10	7.83	2,243	147	2,096
Centennial House, Winnipeg	April 2008	10	4.69	1,062	50	1,012
Chahko Mika Mall, Nelson	Nov 2011	10	7.89	1,588	307	1,281
Chebucto Place, Halifax	May 2011	10	3.45	1,091	92	999
Chief Joseph Big Plume Building, Sarcee	Jan 2011	10	5.93	2,145	279	1,866
City Place III, Kingston	Jan 2016	10	1.68	2,289	180	2,109
City Place, Winnipeg (Lease 1 of 2)	Nov 2008	10	9.16	785	88	697
City Place, Winnipeg (Lease 2 of 2)	April 2009	10	7.04	1,667	168	1,499
Coast Guard Base, Mount Pearl	Feb 2011	8	2.21	746	24	722
Colonnade Warehouse, Ottawa	April 2007	10	7.80	206	8	198
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 1 of 2)	Jan 2009	9	9.61	1,367	113	1,254
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 2 of 2)	Jan 2009	9	9.74	975	82	893
Crowsnest Trail Plaza, Lethbridge	July 2008	10	5.83	413	27	386
De La Cité Place, Gatineau	Dec 2003	15	9.78	10,411	1,279	9,132
Des Explorateurs Place, Gatineau	Oct 2008	10	4.68	799	46	753
Fontaine Building, Gatineau	Jan 2008	15	5.82	22,363	3,909	18,454
Fraser Building, Ottawa	Feb 2010	10	3.24	1,756	107	1,649
Frederick Square, Fredericton	Dec 2011	10	2.31	749	48	701
Galeries Laurentides, Saint-Jérôme	June 2007	10	15.13	287	25	262
Glencoe Building, Mount Pearl	Dec 2007	10	10.74	655	58	597
Guy Favreau Complex, Montreal	Jan 2004	15	5.84	48,742	5,826	42,916
Harry Hays Building, Calgary	Oct 2007	25	4.44	316,390	96,888	219,502
Hérelle Place, Longueuil	Sept 2012	10	8.98	975	236	739
Heritage Court, Moncton	July 2013	15	5.48	5,626	1,535	4,091
I.C.A.O., Montreal	Nov 1996	20	9.94	29,958	1,526	28,432
Joseph Shepard Building, Toronto	Oct 2007	25	4.44	218,763	66,997	151,766
Judicial Complex, Toronto	April 2006	20	11.40	62,532	26,117	36,415
Kamotiq Building, Nunavut	April 2011	10	5.10	2,813	334	2,479
Kent Square Building, Ottawa	Oct 2007	10	4.52	964	34	930
Laurier Place, Ottawa	May 2009	10	5.51	1,388	114	1,274
Library Square (Block 56), Vancouver	May 1995	25	9.68	27,223	4,809	22,414
Lionel Chevrier Building, Cornwall	Dec 2004	15	6.07	2,901	306	2,595
Louis St-Laurent Building, Gatineau	Nov 2001	15	6.38	17,087	342	16,745
Maritime Centre, Halifax (Lease 1 of 3)	Oct 2006	10	10.41	103	3	100
Maritime Centre, Halifax (Lease 2 of 3)	Jan 2010	15	6.26	14,155	3,315	10,840
Maritime Centre, Halifax (Lease 3 of 3)	Jan 2010	15	5.78	1,468	322	1,146
Market Square, Kitchener	July 2014	10	2.39	1,127	105	1,022
Megasys Phase II, Calgary	Feb 2008	10	4.79	1,667	87	1,580
Mercury Centre, Ottawa	Jan 2007	25	4.50	102,394	29,156	73,238
Mews Place, St. John's	Oct 2011	10	2.37	1,997	128	1,869
Midwest Surveys Building, Calgary	April 2007	10	17.88	668	60	608
Montcalm Place, Phase III, Gatineau	Dec 2003	15	8.65	10,852	1,192	9,660
Montcalm Place, Tower II, Gatineau	April 2012	15	2.64	19,822	2,635	17,187
Morgan Building, Clarenville	May 2013	10	6.27	1,020	198	822
Narono Building, Ottawa	Feb 2008	10	4.61	485	21	464
Nova Plaza, Yellowknife (Lease 1 of 2)	April 2009	10	6.00	1,311	114	1,197
Nova Plaza, Yellowknife (Lease 2 of 2)	April 2010	10	10.21	790	144	646

Table 6.13
Details of obligation related to capital leases—*concluded*

(in thousands of dollars)

				Balances at March 31, 2016		
	Inception date	Lease term in years	Discount rate %[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Parks Canada Building, Dartmouth	July 2009	20	7.61	3,592	1,333	2,259
Queen Square, Dartmouth	Sept 2011	10	3.18	7,225	597	6,628
RCMP Building, Montreal	Oct 2007	25	4.44	54,986	16,888	38,098
Revenue Canada Building, Montreal	Oct 2007	25	4.44	111,866	34,270	77,596
Roper Ridge Business Park, Edmonton	Nov 2008	10	6.43	2,374	193	2,181
Rosdev de Ville, Gatineau	June 2007	10	4.58	4,314	121	4,193
Royal Centre, New Westminster (Lease 1 of 2)	Nov 2008	10	11.22	750	101	649
Royal Centre, New Westminster (Lease 2 of 2)	March 2011	9	5.96	663	81	582
Samuel-Holland Complex, Quebec	July 2011	10	3.13	784	62	722
Sixty Queen Building, Ottawa (Lease 1 of 2)	July 2008	10	3.94	580	22	558
Sixty Queen Building, Ottawa (Lease 2 of 2)	May 2009	9	0.32	1,662	5	1,657
Sixty-Six Slater Building, Ottawa (Lease 1 of 2)	April 2009	10	4.95	1,836	133	1,703
Sixty-Six Slater Building, Ottawa (Lease 2 of 2)	Sept 2010	10	5.53	921	106	815
Skyline Complex, Ottawa	Oct 2007	25	4.44	247,489	75,889	171,600
Smith Building, St. John's	July 2009	10	7.08	1,529	167	1,362
Stock Exchange Tower, Montreal	April 2012	10	3.36	990	95	895
The Baker Center Building, Edmonton	Dec 2007	10	4.45	305	12	293
The Inuksugait Plaza, Iqaluit	Oct 2006	10	14.28	110	4	106
The New Two Seventy Building, Ottawa	June 2007	10	4.58	1,367	38	1,329
Thomas D'Arcy McGee Building, Ottawa	Oct 2007	25	4.44	192,979	59,066	133,913
Time Square Building, Ottawa	Oct 2010	10	4.76	3,034	308	2,726
Trebla Building, Ottawa (Lease 1 of 2)	April 2009	10	9.46	3,274	433	2,841
Trebla Building, Ottawa (Lease 2 of 2)	April 2009	10	2.73	346	14	332
Trusco Building, Ottawa	Sept 2006	20	4.28	72,359	14,060	58,299
VAC Records Management Centre, Charlottetown	Nov 2007	15	13.43	2,171	735	1,436
Vanguard Building, Ottawa	Nov 2007	10	4.80	754	29	725
Vault Building, Lethbridge	April 2008	10	6.18	403	25	378
Waldron Building, Yellowknife	Aug 2007	10	12.22	339	28	311
Woodward's Abbott Building, Vancouver	Jan 2010	15	5.35	4,107	840	3,267
Other capital leases less than $1,000,000				49,250	9,825	39,425
				3,725,821	*1,317,141*	*2,408,680*
Shared Services Canada						
IBM – Consolidated Enterprise Servers	Jan 2015	4	0.65	82,363	750	81,613
IBM – Power UNIX Server, Model 780	April 2014	2	1.25	151	[2]	151
Supercomputer Meteorological Service of Canada	Sept 2015	2	0.53	18,700	66	18,634
				101,214	*816*	*100,398*
Transport						
Confederation Bridge, Borden-Carleton	May 1997	35	6.16	*1,095,578*	*586,541*	*509,037*
Other departments						
Capital leases less than $1,000,000				*711*	*39*	*672*
				5,418,322	1,997,422	3,420,900
Consolidated Crown corporations and other entities						
Canadian Broadcasting Corporation						
7067 Chebucto Rd, Halifax	June 2015	7	2.10	7,386		7,386
Telesat	Feb 2001	17	6.80	22,055	1,384	20,671
				29,441	*1,384*	*28,057*
Canadian Museum of Nature						
Natural Heritage Building, Gatineau	Sept 1996	35	9.88	*54,250*	*26,614*	*27,636*
Defence Construction (1951) Limited						
Capital leases less than $1,000,000				*305*	*16*	*289*
				83,996	28,014	55,982
Total				5,502,318	2,025,436	3,476,882

[1] For lessors and lessees, the financing rate of a lease agreement is subject to change over the term of lease.

[2] Less than $500.

Minimum lease payments related to capital leases

Table 6.14 presents upcoming minimum leases payments for the next five years by department.

Table 6.14
Minimum lease payments related to capital leases

(in thousands of dollars)

	Payments due by March 31						
	2017	2018	2019	2020	2021	2022 and subsequently	Total
Environment and Climate Change							
Environment							
Remaining payments	1,300	1,300	1,300	1,300	1,300	7,800	14,300
Imputed interest	588	548	506	461	414	1,333	3,850
	712	*752*	*794*	*839*	*886*	*6,467*	*10,450*
Parks Canada Agency							
Remaining payments	544	544	544	509	403	1,582	4,126
Imputed interest	189	166	141	115	93	238	942
	355	*378*	*403*	*394*	*310*	*1,344*	*3,184*
National Defence							
Remaining payments	83,636	83,959	81,886	49,837	14,249	49,729	363,296
Imputed interest	16,656	12,796	8,744	4,483	2,748	9,877	55,304
	66,980	*71,163*	*73,142*	*45,354*	*11,501*	*39,852*	*307,992*
Natural Resources							
Remaining payments	4,518	4,518	4,518	4,518	4,518	66,042	88,632
Imputed interest	2,183	2,101	2,016	1,929	1,838	14,230	24,297
	2,335	*2,417*	*2,502*	*2,589*	*2,680*	*51,812*	*64,335*
Public Safety and Emergency Preparedness							
Royal Canadian Mounted Police							
Remaining payments	1,746	1,746	1,746	1,747	1,476	16,183	24,644
Imputed interest	830	788	744	698	651	4,781	8,492
	916	*958*	*1,002*	*1,049*	*825*	*11,402*	*16,152*
Public Services and Procurement							
Public Works and Government Services							
Remaining payments	323,489	267,320	281,900	228,523	207,162	2,417,427	3,725,821
Imputed interest	132,159	121,462	112,407	104,035	97,513	749,565	1,317,141
	191,330	*145,858*	*169,493*	*124,488*	*109,649*	*1,667,862*	*2,408,680*
Shared Services Canada							
Remaining payments	44,194	36,343	20,677				101,214
Imputed interest	507	253	56				816
	43,687	*36,090*	*20,621*				*100,398*
Transport							
Remaining payments	63,588	61,061	61,984	62,920	63,871	782,154	1,095,578
Imputed interest	41,589	38,060	37,936	37,777	37,584	393,595	586,541
	21,999	*23,001*	*24,048*	*25,143*	*26,287*	*388,559*	*509,037*
Other departments							
Remaining payments	330	228	87	33	33		711
Imputed interest	17	10	6	3	3		39
	313	*218*	*81*	*30*	*30*		*672*
	328,627	280,835	292,086	199,886	152,168	2,167,298	3,420,900

Table 6.14
Minimum lease payments related to capital leases—*concluded*

(in thousands of dollars)

	Payments due by March 31						
	2017	2018	2019	2020	2021	2022 and subsequently	Total
Consolidated Crown corporations and other entities							
Canadian Broadcasting Corporation							
Remaining payments	12,574	10,568	555	567	580	4,597	29,441
Imputed interest	1,098	286					1,384
	11,476	*10,282*	*555*	*567*	*580*	*4,597*	*28,057*
Canadian Museum of Nature							
Remaining payments	3,500	3,500	3,500	3,500	3,500	36,750	54,250
Imputed interest	2,709	2,627	2,536	2,436	2,325	13,981	26,614
	791	*873*	*964*	*1,064*	*1,175*	*22,769*	*27,636*
Defence Construction (1951) Limited							
Remaining payments	101	204					305
Imputed interest	8	8					16
	93	*196*					*289*
	12,360	11,351	1,519	1,631	1,755	27,366	55,982
Total	340,987	292,186	293,605	201,517	153,923	2,194,664	3,476,882
Summary							
Remaining payments	539,520	471,291	458,697	353,454	297,092	3,382,264	5,502,318
Imputed interest	198,533	179,105	165,092	151,937	143,169	1,187,600	2,025,436
Net obligation	340,987	292,186	293,605	201,517	153,923	2,194,664	3,476,882

Pensions and other future benefits

The obligations arising from public sector pensions and other employee and veteran future benefits, sponsored by the Government or some of the consolidated Crown corporations and other entities, are measured on an actuarial basis and are presented net of pension assets and unrecognized net actuarial gain or loss, as well as contributions and benefits paid by some of the consolidated Crown corporations and other entities after their measurement date of December 31 up to March 31.

Public sector pensions

The Government sponsors a number of defined benefit pension plans covering substantially all its employees, principally members of the federal public service, the Canadian Forces, including the Reserve Force, and the Royal Canadian Mounted Police, as well as employees of certain Public Service corporations and territorial governments. The Government also sponsors several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges. The Government has a statutory obligation to pay the pension benefits it sponsors.

The liabilities for public sector pensions sponsored by the Government are initially recorded through pension accounts, which are generally established pursuant to legislation. The pension accounts track transactions such as contributions, interest credits, benefit payments, transfers and administrative expenses. Any adjustments required under the Government's accounting policies are then recorded through allowance for pension adjustment accounts. The allowance accounts reflect the differential between accrual and cash accounting recognized through the years. They also reflect the accumulated difference in interest calculations and consolidation adjustments related to refundable tax amounts remitted to or refunded from the Canada Revenue Agency.

The Government's pension plans are generally financed from employer and employee contributions or from Government and member contributions. The contributions are either part of general funds or transferred to the Public Sector Pension Investment Board (PSPIB) for investment in capital markets. Since April 1, 2000, amounts equal to contributions less benefits and other payments related to the public service, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plans, and since 2007 for the Canadian Forces—Reserve Force pension plan, that fall within the *Income Tax Act* limits are transferred to the PSPIB. The goal of the PSPIB is to maximize returns on investments without undue risk of loss, while having regard to the requirements and financial obligations of each of the pension plans. The PSPIB, a Canadian Crown corporation established by the *Public Sector Pension Investment Board Act*, reports the results of the investments in an annual report tabled in Parliament. Contributions for all the other pension plans sponsored by the Government are part of general funds.

More information on the above mentioned plans can be found in the respective annual report on the administration of the plans tabled in Parliament.

In addition, some of the consolidated Crown corporations and other entities maintain their own defined benefit pension plans covering substantially all of their employees. The majority of the defined benefit pension plans are contributory plans. Employer and employee contributions are made in accordance with the provisions of the plans. Pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities.

i. Pension plans

Public Service Pension Plan, Canadian Forces Pension Plan including the Reserve Force Pension Plan and Royal Canadian Mounted Police Pension Plan

The pension plans for the public service, Canadian Forces—Regular Force and the Royal Canadian Mounted Police provide for the payment of a lifetime pension and a temporary bridge benefit payable normally until age 65, the age at which members generally become eligible for the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP). The annual lifetime pension is based on the average salary of five consecutive years of highest paid service and the years of pensionable service. For the Canadian Forces—Reserve Force pension plan, the annual lifetime pension is based on a percentage of indexed pensionable earnings with a temporary bridge benefit until members become eligible for the CPP or QPP. Pension benefits are indexed annually on January 1 to take into account the cost of living.

Pension benefits accrue at a rate of two per cent per year of pensionable service up to a maximum of 35 years, the exception being the benefits offered under the Canadian Forces—Reserve Force pension plan which accrue at a rate of 1.5 per cent up to a maximum of 35 years. Pension benefits are coordinated with those of the CPP or the QPP. Pension benefits for the public service pension plan members will accrue under either Group 1 for employees who were plan members prior to January 1, 2013, or Group 2 for employees joining the public service pension plan on or after that date. The normal retirement age for Group 1 members is 60. For Group 2 members, the normal retirement age is 65 and other age related thresholds were increased by 5 years.

The contribution rates for current service for all members of the public service will increase gradually to a 50:50 cost sharing ratio with the government by 2017. Public service Group 1, Canadian Forces—Regular Force and Royal Canadian Mounted Police members contribute at different rates than public service Group 2 members. These rates are as follows:

Public service Group 1, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plan members contributed:

- for the first nine months of the 2016 fiscal year, 8.2 per cent (7.5 per cent in 2015) of salary up to the Yearly Maximum Pensionable Earnings (YMPE) for the CPP or QPP and 10.4 per cent (9.8 per cent in 2015) of salary above the YMPE; and
- for the last three months of the 2016 fiscal year, 9.1 per cent (8.2 per cent in 2015) of salary up to the YMPE and 11 per cent (10.4 per cent in 2015) of salary above the YMPE.

Public service Group 2 pension plan members contributed:

- for the first nine months of the 2016 fiscal year, 7.1 per cent (6.6 per cent in 2015) of salary up to the YMPE for the CPP or QPP and 8.5 per cent (7.9 per cent in 2015) of salary above the YMPE; and
- for the last three months of the 2016 fiscal year, 7.9 per cent (7.1 per cent in 2015) of salary up to the YMPE and 9.4 per cent (8.5 per cent in 2015) of salary above the YMPE.

Contribution rates for Group 2 members were lower than for Group 1 members due to the lower cost of the benefits related to increasing the normal age of retirement from 60 to 65.

Members of the Canadian Forces—Reserve Force contribute 5.2 per cent on salary up to two thirds of the YMPE.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For 2016, the employer contribution rates were about 1.2, 1.7 and 1.4 (1.4, 1.9 and 1.6 respectively in 2015) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* (Regular Force pension plan) and the *Royal Canadian Mounted Police Superannuation Act*, respectively. With respect to the Reserve Force pension plan, the employer contributions were reinstated in December 2014 and a one-time payment in arrears of $42 million was credited to the Reserve Force Pension Fund Account in 2015. For 2016, the employer contribution rate was about 1.9 (1.8 in 2015) times the current year's employee contribution for the Reserve Force pension plan.

The superannuation accounts, which record the transactions that pertain to pre April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long-term bond rate. The average interest rate credited to the superannuation accounts was approximately 4.8 per cent (5.1 per cent in 2015).

The pension fund accounts, which record the transactions that pertain to service since April 1, 2000, are flow through accounts used to transfer funds to the PSPIB. The balance in the pension fund accounts at year-end represents the amounts awaiting transfer to the PSPIB.

The retirement compensation arrangements (RCA) accounts records transactions for those pension benefits above the pension limits set under the *Income Tax Act*. The RCA, Regulations No. 1 and No. 2 are registered with the Canada Revenue Agency and a transfer is made annually between these RCA regulations and the Canada Revenue Agency, either to remit a 50 per cent refundable tax in respect of the net contributions and interest credits or to receive a refund based on the net benefit payments.

Members of Parliament retiring allowances

Members of Parliament are eligible at a certain age to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. Retirement age is set at 55 for pensionable service accrued before January 1, 2016 and at 65 for pensionable service accrued on or after January 1, 2016, with the option of reduced benefits for early retirement at age 55. The basic allowance accrues at a rate of 3 per cent per year of pensionable service for both Members of the House of Commons and for Senators. For service accrued before January 1, 2016, the accrual rate is multiplied by the average of the best five consecutive years of sessional indemnity up to a maximum of 75 per cent of the plan member's average sessional indemnity. For service accrued after December 31, 2015, the accrual rate is multiplied by the average of the best five consecutive years of pensionable earnings up to a maximum of 75 per cent of the plan member's average pensionable earnings. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60. Pensionable service accrued on or after January 1, 2016, under the Members of Parliament pension plan, is coordinated with the CPP or QPP at age 60.

The contribution rates will increase over time to bring the plan members' share to 50 per cent by no later than January 1, 2017. For the 2016 fiscal year, plan members contributed at a rate of 10 per cent (9 per cent in 2015) of their salary for the first 9 months and a blended rate of approximately 15.8 per cent (a flat rate of 10 per cent in 2015) for the last three months.

The Government contributions are made monthly to provide for the cost (net of plan member contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions, expressed as a multiple of plan member contributions, are on average as follows:

	2016	2015
Members of Parliament		
Retiring Allowances Account	3.7	4.5
Compensation Arrangements Account	3.0	4.1

Contributions are credited to the appropriate pension account, either the Members of Parliament Retiring Allowances Account or the Members of Parliament Retirement Compensation Arrangements Account. The pension accounts are also credited with interest at a rate determined by the Chief Actuary of Canada. The average interest rate credited to the pension accounts in 2016 was approximately 4.1 per cent (3.4 per cent in 2015).

Pension plan for federally appointed judges

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. The full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975, make required contributions of 1.5 per cent of salary. All other judges contribute 7 per cent of salary.

Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year-end through an allowance account, to bring the current year expense from cash to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to $143 million ($136 million in 2015). At March 31, 2016, the portion of the pension liability recorded through an allowance account for the judges' pension plan amounted to $2,421 million ($2,314 million in 2015).

Consolidated Crown corporation and other entity pension plans

Pension benefits provided under consolidated Crown corporations and other entities defined benefit pension plans vary depending on the terms of the plans. Generally, they are based on a combination of an accrual rate per years of pensionable service and some type of pensionable earnings average. Some of the consolidated Crown corporations and other entities defined benefit pension plans are closed to new entrants.

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations of the pension plans sponsored by the Government are performed at least every three years for funding purposes. The actuarial valuations are performed by the Office of the Chief Actuary, submitted to the President of the Treasury Board, and tabled in Parliament.

The most recent date for the actuarial valuation of each pension plan sponsored by the Government is as follows:

Royal Canadian Mounted Police—March 31, 2015, valuation currently in progress;

Public Service—March 31, 2014;

Canadian Forces—Regular Force—March 31, 2013;

Canadian Forces—Reserve Force—March 31, 2013;

Members of Parliament—March 31, 2013; and

Federally appointed judges—March 31, 2013.

The actuarial valuations for the public service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans include the valuation of the Retirement Compensation Arrangements (RCA) component related to each plan.

Where applicable, the funding valuations provide the Government with recommendations for setting both employer and employee contribution rates, as well as any actuarial adjustment to amortize deficiencies or excesses. These actuarial adjustments are made in equal instalments over a period not exceeding 15 years commencing in the year in which the actuarial report is laid before Parliament.

To address deficiencies, an actuarial adjustment of $681 million (nil in 2015) was credited to the Public Service Superannuation Account, $340 million ($435 million in 2015) to the Public Service Pension Fund Account, $170 million ($170 million in 2015) to the Canadian Forces Pension Fund Account, $2 million ($2 million in 2015) to the Reserve Force Pension Fund Account, $12 million ($12 million in 2015) to the Royal Canadian Mounted Police Superannuation Account, $74 million ($74 million in 2015) to the Royal Canadian Mounted Police Pension Fund Account, $129 million ($8 million in 2015) to the Public Service Retirement Compensation Arrangements (RCA) Account No. 2, and $12 million (nil in 2015) to the Public Service Retirement Compensation Arrangements (RCA) Account No. 1. The actuarial adjustments recorded in pension fund accounts are transferred to the PSPIB for investment in capital markets. To address deficiencies, the consolidated Crown corporations and other entities made special funding payments of $59 million in 2016 ($60 million in 2015).

Table 6.15 presents a summary of the balances and transactions for public sector pension plan liabilities. In particular, receipts and other credits for the Government's pension accounts consist of contributions from plan members, the Government of Canada, participating Public Service corporations and territorial governments, as well as transfers from other pension funds, actuarial adjustments to amortize deficiencies, refunds of refundable tax and interest. Payments and other charges for the Government's pension accounts consist of annuity payments, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), returns of contributions, pension division payments, transfer value payments, transfers to other funds, remittances of refundable tax, payments of administrative expenses, actuarial adjustments to amortize excesses, and transfers to PSPIB. Adjustments to the Government's allowance accounts result from the differential with annual actuarial valuations performed for accounting purposes. These include differences between benefits earned and contributions and interest calculations, as well as from other adjustments required under the Government's accounting policies such as recognition of actuarial gains and losses and consolidation adjustments related to refundable tax amounts.

Pension benefits funded by the Government relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Force—Reserve Force pension plan, as funds are invested in capital markets through the PSPIB. Funded pension benefits also relate to consolidated Crown corporations and other entities where pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities. For unfunded pension plans, separate market invested funds are not maintained. These relate to all pre April 2000 service and only to post March 2000 service that falls above the *Income Tax Act* limits for the three main public sector pension plans, all service periods for the pension plans of the federally appointed judges and Members of Parliament, and some of the consolidated Crown corporation and other entity pension plans.

Table 6.15
Public sector pensions

(in millions of dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Funded pension benefits				
Public Service Pension Fund Account, Table 6.18	402	4,768	4,815	355
Allowance for pension adjustments	3,585	206	558	3,233
Subtotal	*3,987*	*4,974*	*5,373*	*3,588*
Canadian Forces Pension Fund Account, Table 6.20	183	1,461	1,475	169
Allowance for pension adjustments	968	209	170	1,007
Subtotal	*1,151*	*1,670*	*1,645*	*1,176*
Reserve Force Pension Fund Account, Table 6.21	(2)	72	121	(51)
Allowance for pension adjustments	277	—	106	171
Subtotal	*275*	*72*	*227*	*120*
Royal Canadian Mounted Police Pension Fund Account, Table 6.23	7	540	532	15
Allowance for pension adjustments	303	5	88	220
Subtotal	*310*	*545*	*620*	*235*
Total pension fund accounts	590	6,841	6,943	488
Total allowance for pension adjustments	5,133	420	922	4,631
Pension benefit liabilities related to funded plans sponsored by the Government	5,723	7,261	7,865	5,119
Pension benefit assets related to funded plans sponsored by consolidated Crown corporations and other entities	(1,263)	105	481	(1,639)
Net pension benefit liabilities related to funded plans	4,460	7,366	8,346	3,480
Unfunded pension benefits				
Public Service Superannuation Account, Table 6.17	95,876	5,149	5,459	95,566
Allowance for pension adjustments	(9,472)	866	706	(9,312)
Subtotal	*86,404*	*6,015*	*6,165*	*86,254*
Canadian Forces Superannuation Account, Table 6.19	46,119	2,145	2,569	45,695
Allowance for pension adjustments	(4,922)	446	25	(4,501)
Subtotal	*41,197*	*2,591*	*2,594*	*41,194*
Royal Canadian Mounted Police Superannuation Account, Table 6.22	13,197	626	668	13,155
Allowance for pension adjustments	(1,291)	112	13	(1,192)
Subtotal	*11,906*	*738*	*681*	*11,963*
Members of Parliament Retiring Allowances Account, Table 6.24	501	32	31	502
Allowance for pension adjustments	(72)	6	12	(78)
Subtotal	*429*	*38*	*43*	*424*
Members of Parliament Retirement Compensation Arrangements Account, Table 6.25	238	30	19	249
Allowance for pension adjustments	209	5	6	208
Subtotal	*447*	*35*	*25*	*457*
Retirement Compensation Arrangements (RCA) Account, Table 6.26	2,220	385	209	2,396
Allowance for pension adjustments	1,736	133	172	1,697
Subtotal	*3,956*	*518*	*381*	*4,093*
Supplementary Retirement Benefits Account (Judges), Table 6.27	206	9	—	215
Allowance for pension adjustments	2,314	125	18	2,421
Subtotal	*2,520*	*134*	*18*	*2,636*
Supplementary Retirement Benefits Account (Others), Table 6.27	—	1	—	1
Total superannuation accounts	158,357	8,377	8,955	157,779
Total allowance for pension adjustments	(11,498)	1,693	952	(10,757)
Pension benefit liabilities related to unfunded plans sponsored by the Government	146,859	10,070	9,907	147,022
Pension benefit liabilities related to unfunded plans sponsored by consolidated Crown corporations and other entities	82	8	4	86
Pension benefit liabilities related to unfunded plans	146,941	10,078	9,911	147,108
Net pension benefit liabilities	151,401	17,444	18,257	150,588

The net pension benefit liabilities were recognized and presented in the Consolidated Statement of Financial Position as follows:

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Public sector pension liabilities	152,664	17,339	17,776	152,227
Public sector pension assets	(1,263)	105	481	(1,639)
Net pension benefit liabilities	151,401	17,444	18,257	150,588

Table 6.16 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is calculated based on the accrued pension obligations under the various plans. The net interest expense represents interest of $7,333 million ($7,906 million in 2015) credited to the superannuation accounts in accordance with the pension legislation, a provision of $4,439 million ($4,240 million in 2015) and interest of $421 million ($414 million in 2015) on the consolidated Crown corporations and other entities' obligations, shown net of $4,899 million ($4,764 million in 2015) in expected return on pension investments.

Table 6.16
Summary of transactions in public sector pensions that resulted in charges to expenditures

(in millions of dollars)

	2015–2016									2014–2015	
	Government contributions and other[1]	Adjustment	Net benefits earned	Actuarial adjustments[2]	Less costs recorded in previous years[3]	Plan amendments	Actuarial losses (gains) recognized	Pension expense	Net interest expense	Pension expense	Net interest expense
Funded pension benefits											
Public Service Pension Fund Account	2,205	195	2,400	340	(340)	—	(218)	2,182	11	2,417	193
Canadian Forces Pension Fund Account	757	52	809	170	(170)	—	60	869	41	907	101
Reserve Force Pension Fund Account	42	(26)	16	2	(2)	—	(18)	(2)	(4)	(6)	(3)
Royal Canadian Mounted Police Pension Fund Account	270	5	275	74	(74)	—	(12)	263	(2)	297	18
Consolidated Crown corporations and other entities[1]	92	(6)	86	59	(59)	19	(167)	(62)	(164)	(2)	(110)
Total funded pension benefits	3,366	220	3,586	645	(645)	19	(355)	3,250	(118)	3,613	199

Table 6.16
Summary of transactions in public sector pensions that resulted in charges to expenditures—*concluded*

(in millions of dollars)

	2015–2016									2014–2015	
	Government contributions and other[1]	Adjustment	Net benefits earned	Actuarial adjustments[2]	Less costs recorded in previous years[3]	Plan amendments	Actuarial losses (gains) recognized	Pension expense	Net interest expense	Pension expense	Net interest expense
Unfunded pension benefits											
Public Service Superannuation Account[4]	11	(25)	(14)	681	(681)	–	832	818	4,477	472	4,558
Canadian Forces Superannuation Account	3	(5)	(2)	–			446	444	2,119	294	2,185
Defence Services Pension Continuation Act[1]	3	–	3	–	–	–	–	3	–	3	
Royal Canadian Mounted Police Superannuation Account	–	(1)	(1)	12	(12)	–	106	105	619	70	634
Royal Canadian Mounted Police Continuation Act[1]	10	–	10	–	–	–	–	10	–	11	–
Members of Parliament Retiring Allowances Account	9	(3)	6	–	–	–	6	12	11	14	16
Members of Parliament Retirement Compensation Arrangements Account	15	(2)	13	–			4	17	6	20	8
Retirement Compensation Arrangements (RCA) Account	87	19	106	141	(141)	–	27	133	107	65	99
Supplementary Retirement Benefits Account	4	–	4		–		–	4	1	4	–
Judges Act[1]	143	(18)	125	–	–	–	57	182	69	157	93
Other (diplomatic services, lieutenant governors, etc.)[1]	2	–	2	–	–	–		2		2	–
Consolidated Crown corporations and other entities	–	2	2		–	–	3	5	3	3	4
Subtotal	287	(33)	254	834	(834)	–	1,481	1,735	7,412	1,115	7,597
Less: contributions from the Judges' plan recorded to revenues	(15)	–	(15)		–	–		(15)	–	(14)	–
Total unfunded pension benefits	272	(33)	239	834	(834)	–	1,481	1,720	7,412	1,101	7,597
Total reported in the Consolidated Statement of Operations and Accumulated Deficit	3,638	187	3,825	1,479	(1,479)	19	1,126	4,970	7,294	4,714	7,796

[1] "Other" includes consolidated Crown corporations and other entities' contributions to their pension plans and statutory payments made to beneficiaries.

[2] Represents actuarial adjustments to amortize deficiencies.

[3] Represents the reversal of costs already recorded in the allowance for pension adjustments of previous years.

[4] Includes payments under the *Supplementary Retirement Benefits Act* and various acts.

Public Service Superannuation Account

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by public service members up to March 31, 2000.

Table 6.17
Public Service Superannuation Account

(in dollars)

	2015–2016	2014–2015
Opening balance	95,875,945,459	96,423,778,971
Receipts and other credits		
Employee contributions		
Government employees	2,066,031	2,613,256
Retired employees	11,616,885	14,933,384
Public Service corporation employees	102,705	196,820
Employer contributions		
Government	11,189,841	14,472,374
Public Service corporations	61,360	112,735
Actuarial adjustment	681,000,000	
Transfers from other pension funds	6,789	
Interest	4,443,345,828	4,797,893,981
Total receipts and other credits	5,149,389,439	4,830,222,550
Subtotal	101,025,334,898	101,254,001,521
Payments and other charges		
Benefit payments		
Annuities	5,328,099,116	5,240,665,149
Minimum benefits	12,803,758	16,184,060
Pension division payments	22,922,806	18,100,278
Pension transfer value payments	29,994,197	34,531,513
Return of contributions		
Government employees	38,788	721,888
Public Service corporation employees	41,606	31,857
Transfers to other pension funds	5,416,461	9,343,265
Administrative expenses	59,769,165	58,478,052
Total payments and other charges	5,459,085,897	5,378,056,062
Closing balance	95,566,249,001	95,875,945,459

Public Service Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Public Service Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment in capital markets. The closing balance in this account represents the net cash position prior to transfer to the PSPIB.

Table 6.18
Public Service Pension Fund Account

(in dollars)

	2015–2016	2014–2015
Opening balance	402,290,387	499,943,338
Receipts and other credits		
Employee contributions		
Government employees	1,773,737,501	1,667,207,395
Retired employees	41,559,748	38,077,475
Public Service corporation employees	168,640,289	157,358,746
Employer contributions		
Government	2,205,355,883	2,342,382,010
Public Service corporations	206,059,867	218,193,085
Actuarial adjustment	340,000,000	435,000,000
Transfers from other pension funds	33,350,235	29,619,344
Total receipts and other credits	4,768,703,523	4,887,838,055
Payments and other charges		
Benefit payments		
Annuities	1,558,724,353	1,343,904,637
Minimum benefits	12,641,148	11,322,140
Pension division payments	30,273,474	26,204,917
Pension transfer value payments	316,963,114	279,072,403
Return of contributions		
Government employees	10,507,898	7,572,183
Public Service corporation employees	4,837,063	3,533,886
Transfers to other pension funds	47,446,792	52,019,965
Administrative expenses	42,400,198	41,056,225
Total payments and other charges	2,023,794,040	1,764,686,356
Receipts and other credits less payments and other charges	2,744,909,483	3,123,151,699
Transfers to PSPIB	2,792,147,670	3,220,804,650
Closing balance	355,052,200	402,290,387

Canadian Forces Superannuation Account

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Armed Forces members up to March 31, 2000.

Table 6.19
Canadian Forces Superannuation Account

(in dollars)

	2015–2016	2014–2015
Opening balance	46,118,650,563	46,297,375,844
Receipts and other credits		
Contributions from personnel	2,618,412	2,717,194
Contributions by the Government	2,618,412	2,717,194
Interest	2,139,615,656	2,308,115,023
Other[1]	1,032,682	1,066,108
Total receipts and other credits	2,145,885,162	2,314,615,519
Subtotal	48,264,535,725	48,611,991,363
Payments and other charges		
Benefit payments		
Pensions and retiring allowances	2,506,191,226	2,426,059,524
Minimum benefits	151,581	658,347
Pension division payments	23,313,757	33,211,687
Pension transfer value payments	1,690,394	1,906,716
Return of contributions	1,669	18,298
Transfers to other pension funds	239,863	205,620
Administrative expenses	37,794,142	31,280,608
Total payments and other charges	2,569,382,632	2,493,340,800
Closing balance	45,695,153,093	46,118,650,563

[1] Includes returned annuity payments upon joining a Government pension plan

Canadian Forces Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, in accordance with Part I of the *Canadian Forces Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment in capital markets. The closing balance in this account represents the net cash position prior to transfer to the PSPIB.

Table 6.20
Canadian Forces Pension Fund Account

(in dollars)

	2015–2016	2014–2015
Opening balance	183,465,777	263,355,393
Receipts and other credits		
Contributions from personnel	450,157,686	423,930,301
Contributions by the Government	756,955,116	795,171,662
Actuarial adjustment	170,000,000	170,000,000
Transfers from other pension funds	83,887,837	48,449,248
Other[1]	390,497	14,476
Total receipts and other credits	1,461,391,136	1,437,565,687
Payments and other charges		
Benefit payments		
Pensions and retiring allowances	442,037,547	375,524,290
Minimum benefits	634,061	1,236,235
Pension division payments	23,871,536	28,887,588
Pension transfer value payments	133,358,475	152,155,635
Return of contributions	902,196	927,893
Transfers to other pension funds	1,310,261	505,487
Administrative expenses	24,572,429	18,292,463
Total payments and other charges	626,686,505	577,529,591
Receipts and other credits less payments and other charges	834,704,631	860,036,096
Transfers to PSPIB	849,312,367	939,925,712
Closing balance	168,858,041	183,465,777

[1] Includes unclaimed cheques and returned annuity payments upon joining a Government pension plan.

Reserve Force Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after March 1, 2007, in accordance with Part I.1 of the *Canadian Forces Superannuation Act*. When the closing balance of this account is in a positive net cash position, an amount equal to contributions less benefits and other payments is usually transferred to the PSPIB for investment in capital markets.

Table 6.21
Reserve Force Pension Fund Account

(in dollars)

	2015–2016	2014–2015
Opening balance	(2,551,843)	1,609,568
Receipts and other credits		
Contributions from personnel	27,843,256	28,285,286
Contributions by the Government	41,716,967	65,160,998
Actuarial adjustment	1,900,000	1,900,000
Other[1]	11,955	1,550
Total receipts and other credits	71,472,178	95,347,834
Payments and other charges		
Benefit payments		
Pensions and retiring allowances	6,061,830	5,233,714
Minimum benefits	110,167	60,485
Pension transfer value payments	13,529,206	12,934,442
Return of contributions	45,315	90,747
Transfer to other pension funds	83,889,742	48,426,486
Administrative expenses	16,476,141	13,703,701
Total payments and other charges	120,112,401	80,449,575
Receipts and other credits less payments and other charges	(48,640,223)	14,898,259
Transfers to PSPIB		19,059,670
Closing balance	(51,192,066)	(2,551,843)

[1] Includes unclaimed cheques.

Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

Table 6.22
Royal Canadian Mounted Police Superannuation Account

(in dollars)

	2015-2016	2014-2015
Opening balance	13,197,207,777	13,184,685,451
Receipts and other credits		
Contributions from personnel (current services and arrears)	512,522	445,328
Contributions by the Government	466,488	433,433
Actuarial adjustment	12,000,000	12,000,000
Interest	613,018,941	657,522,222
Total receipts and other credits	625,997,951	670,400,983
Subtotal	13,823,205,728	13,855,086,434
Payments and other charges		
Benefit payments		
Annuities and allowances	650,137,646	629,035,127
Cash termination allowance and gratuities		258,112
Pension division payments	10,561,426	11,624,932
Pension transfer value payments	1,296,063	1,816,571
Return of contributions	324,530	344,657
Transfers to other pension funds		77,096
Administrative expenses	6,364,695	14,722,162
Total payments and other charges	668,684,360	657,878,657
Closing balance	13,154,521,368	13,197,207,777

Royal Canadian Mounted Police Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Royal Canadian Mounted Police Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment in capital markets. The closing balance in this account represents the net cash position prior to transfer to the PSPIB.

Table 6.23
Royal Canadian Mounted Police Pension Fund Account

(in dollars)

	2015–2016	2014–2015
Opening balance	6,467,393	10,962,617
Receipts and other credits		
Contributions from personnel (current services and arrears)	187,351,388	169,627,163
Contributions by the Government	270,691,194	277,612,254
Actuarial adjustment	74,000,000	74,000,000
Transfers from other pension funds	8,723,354	11,864,616
Total receipts and other credits	540,765,936	533,104,033
Payments and other charges		
Benefit payments		
Annuities and allowances	140,259,560	117,650,733
Minimum benefits	133,539	212
Pension division payments	12,771,171	12,756,823
Pension transfer value payments	27,393,208	23,648,648
Return of contributions		
Personnel	4,317	415,768
Interest	355,247	1,500
Transfers to other pension funds	662,728	473,148
Administrative expenses	3,835,137	8,209,554
Total payments and other charges	185,414,907	163,156,386
Receipts and other credits less payments and other charges	355,351,029	369,947,647
Transfers to PSPIB	346,478,737	374,442,871
Closing balance	15,339,685	6,467,393

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

Table 6.24
Members of Parliament Retiring Allowances Account

(in dollars)

	2015–2016	2014–2015
Opening balance	501,020,777	496,466,754
Receipts and other credits		
Members' contributions		
Current services	2,680,532	1,973,821
Arrears of principal, interest and mortality insurance	11,779	12,477
Government contributions (current services)	8,530,567	8,855,514
Interest	20,267,602	20,367,021
Total receipts and other credits	31,490,480	31,208,833
Subtotal	532,511,257	527,675,587
Payments and other charges		
Benefit payments		
Annual allowances	27,556,977	26,640,665
Pension division payments	571,436	–
Return of contributions		
Withdrawals	2,001,009	13,936
Interest	82,407	209
Total payments and other charges	30,211,829	26,654,810
Closing balance	502,299,428	501,020,777

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses or eligible dependent children of Members.

Table 6.25
Members of Parliament Retirement Compensation Arrangements Account

(in dollars)

	2015–2016	2014–2015
Opening balance	237,813,956	224,403,100
Receipts and other credits		
Members' contributions		
Current services	4,939,343	4,149,123
Arrears of principal, interest and mortality insurance	22,821	27,370
Government contributions (current services)	14,516,972	17,061,626
Interest	9,922,095	9,435,453
Total receipts and other credits	29,401,231	30,673,572
Subtotal	267,215,187	255,076,672
Payments and other charges		
Benefit payments		
Annual allowances	14,291,992	12,912,355
Pension division payments	539,467	
Return of contributions		
Withdrawals	3,289,508	45,225
Interest	109,969	522
Refundable tax	349,568	4,304,614
Total payments and other charges	18,580,504	17,262,716
Closing balance	248,634,683	237,813,956

Retirement Compensation Arrangements (RCA) Account

This account was established by the *Special Retirement Arrangements Act* to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA Regulations, No. 1 (RCA No. 1) pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No. 1 was created effective December 15, 1994.

The RCA Regulations, No. 2 (RCA No. 2) pays benefits to public service employees between the ages of 50 and 54, who were declared surplus as part of a three year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No. 2 was created effective April 1, 1995, and is funded entirely by the Government.

Table 6.26
Retirement Compensation Arrangements (RCA) Account

(in dollars)

	RCA No. 1						RCA No. 2			
	Public Service		Canadian Forces		Royal Canadian Mounted Police		Public Service		Total	
	2015–2016	2014–2015	2015–2016	2014–2015	2015–2016	2014–2015	2015–2016	2014–2015	2015–2016	2014–2015
Opening balance	1,104,326,126	1,040,164,699	373,530,812	351,185,693	33,159,245	32,475,115	708,848,795	729,836,159	2,219,864,978	2,153,661,666
Receipts and other credits										
Employee contributions										
Government employees	8,426,624	10,065,769	2,389,298	2,545,185	59,511	124,274			10,875,433	12,735,228
Retired employees	448,109	420,128			592	1,885			448,701	422,013
Public Service corporation employees	2,349,289	2,006,026							2,349,289	2,006,026
Employer contributions										
Government	60,783,610	75,678,400	26,464,154	28,844,798	290,768	628,765			87,538,532	105,151,963
Public Service corporations	16,570,859	14,750,273							16,570,859	14,750,273
Actuarial adjustment	12,000,000						129,000,000	8,000,000	141,000,000	8,000,000
Transfers from other pension funds	1,560	696,131				905			1,560	697,036
Refundable tax							21,937,738	20,127,193	21,937,738	20,127,193
Interest	53,426,014	54,330,519	18,043,320	18,267,496	1,558,394	1,649,328	32,077,055	35,493,565	105,104,783	109,740,908
Other[1]			1,691						1,691	
	154,006,065	157,947,246	46,898,463	49,657,479	1,909,265	2,405,157	183,014,793	63,620,758	385,828,586	273,630,640
	1,258,332,191	1,198,111,945	420,429,275	400,843,172	35,068,510	34,880,272	891,863,588	793,456,917	2,605,693,564	2,427,292,306
Payments and other charges										
Benefit payments										
Annuities	35,959,883	30,744,211	6,151,861	5,314,519	1,018,178	907,151	84,806,709	84,608,122	127,936,631	121,574,003
Minimum benefits	181,518	165,375		130,424					181,518	295,799
Pension division payments	1,263,060	737,864	240,394		82,572				1,586,026	737,864
Pension transfer value payments	587,002	548,456	1,252,386	1,458,834	2,266	4,170			1,841,654	2,011,460
Return of contributions										
Government employees	11,141	6,225				2,927			11,141	9,152
Public Service corporation employees	9,896	55,168							9,896	55,168
Transfers to other pension funds	174,463	267,634	967		1,847	3,445			177,277	271,079
Refundable tax	57,017,923	61,260,886	20,683,833	20,408,583	421,862	803,334			78,123,618	82,472,803
	95,204,886	93,785,819	28,329,441	27,312,360	1,526,725	1,721,027	84,806,709	84,608,122	209,867,761	207,427,328
Closing balance	1,163,127,305	1,104,326,126	392,099,834	373,530,812	33,541,785	33,159,245	807,056,879	708,848,795	2,395,825,803	2,219,864,978

[1] Includes unclaimed cheques.

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act* to provide for pension benefit increases resulting from changes in the Consumer Price Index. The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various continuation acts and other related acts.

Table 6.27
Supplementary Retirement Benefits Account

(in dollars)

	Judges		Others[1]		Total	
	2015–2016	2014–2015	2015–2016	2014–2015	2015–2016	2014–2015
Opening balance	206,383,198	196,642,456	688,982	651,476	207,072,180	197,293,932
Receipts and other credits						
Employee contributions						
Government	3,576,318	3,393,911	49,217	31,265	3,625,535	3,425,176
Employer contributions						
Government	3,576,318	3,393,911	49,217	31,265	3,625,535	3,425,176
Interest	1,553,166	2,952,920	5,595	10,509	1,558,761	2,963,429
Total receipts and other credits	8,705,802	9,740,742	104,029	73,039	8,809,831	9,813,781
Subtotal	215,089,000	206,383,198	793,011	724,515	215,882,011	207,107,713
Payments and other charges						
Annuities			25,819	35,533	25,819	35,533
Closing balance	215,089,000	206,383,198	767,192	688,982	215,856,192	207,072,180

[1] Includes lieutenant governors and non-career diplomats.

Allowance for pension adjustments

This account records the accounting adjustments resulting from annual actuarial valuations of public sector pension plans sponsored by the Government.

Actuarial losses of $1,290 million ($1,076 million in 2015), due to plan experience and changes in actuarial assumptions, were recognized in this account and increased pension expenses for the year.

An amount of $1,420 million ($701 million in 2015) was recorded in this account to offset the amortization of deficiencies charged to the account during the year but already accounted for in previous year's expenses or in actuarial gains and losses.

An amount of $191 million was credited ($82 million debited in 2015) to this account and increased (decreased in 2015) pension costs to adjust for the difference between the Government contributions and the net cost of benefits earned.

No amount ($51 million in 2015) was recorded in this account and pension costs were not adjusted (reduced in 2015) for a past service cost reduction related to a curtailment.

An amount of $4,439 million ($4,240 million in 2015) was credited to this account to adjust for the difference between interest based on the accrued pension obligations and interest credited to the superannuation accounts. In addition, an amount of $4,317 million ($4,244 million in 2015) was debited to this account to record the expected return on the pension investments.

As well, a consolidation adjustment of $56 million ($67 million in 2015) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unrecognized net actuarial loss of $11,674 million ($11,164 million in 2015) will be recognized in this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the accrued pension obligations of $276,119 million ($265,103 million in 2015) less the pension assets of $112,304 million ($101,357 million in 2015) were found to be $5,548 million ($4,799 million in 2015) higher than the balance of the pension fund accounts of $488 million ($590 million in 2015) and the superannuation accounts of $157,779 million ($158,357 million in 2015). The excess or shortfall is made up of the following:

(in millions of dollars)

	Excess (shortfall)	
	2016	2015
Public Service Pension Plan		
Public Service Superannuation Account	(1,461)	(123)
Public Service Pension Fund	2,374	486
Retirement Compensation Arrangements	(1,691)	(1,960)
Total allowance for Public Service Pension Plan	(778)	(1,597)
Canadian Forces Pension Plan		
Canadian Forces Superannuation Account	(716)	694
Canadian Forces Pension Fund	(158)	(648)
Reserve Force Pension Fund	(78)	(27)
Retirement Compensation Arrangements	(314)	(282)
Total allowance for Canadian Forces Pension Plan	(1,266)	(263)
Royal Canadian Mounted Police Pension Plan		
Royal Canadian Mounted Police Superannuation Account	(424)	(38)
Royal Canadian Mounted Police Pension Fund	95	11
Retirement Compensation Arrangements	(22)	(16)
Total allowance for Canadian Mounted Police Pension Plan	(351)	(43)
Members of Parliament Pension Plan		
Members of Parliament Retiring Allowances	(5)	17
Retirement Compensation Arrangements	(259)	(238)
Total allowance for Members of Parliament Pension Plan	(264)	(221)
Pension plan for federally appointed judges	(2,889)	(2,675)
Total	(5,548)	(4,799)

Other employee and veteran future benefits

The Government and the consolidated Crown corporations and other entities sponsor different types of future benefit plans with varying terms and conditions. The benefits are available to employees and former employees (including military or Royal Canadian Mounted Police members) during or after employment, or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependants. Others are considered post-employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still-serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily post-employment benefits, but some benefits are also paid during employment to still-serving members. They include disability and associated benefits paid to veterans or Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include health care and dental benefits available to retired employees and retired military and Royal Canadian Mounted Police members, accumulated sick leave entitlements and post-employment benefits such as workers' compensation benefits and severance benefits that accumulate.

Table 6.28 presents the balance of these liabilities at year-end.

Table 6.28
Other employee and veteran future benefits

(in millions of dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Veterans' disability and other future benefits	40,626	10,057	3,221	47,462
Royal Canadian Mounted Police disability and other future benefits	4,781	1,050	181	5,650
Public Service Health Care Plan	22,203	1,827	407	23,623
Pensioners' Dental Services Plan	3,175	357	90	3,442
Severance and other benefits	2,341	328	384	2,285
Accumulated sick leave entitlements	1,560	311	254	1,617
Workers' compensation	1,130	279	136	1,273
Consolidated Crown corporations and other entities	324	28	23	329
Total	76,140	14,237	4,696	85,681

All of the Government and almost all of the consolidated Crown corporations and other entities' sponsored plans are unfunded. The health care and the dental plans are contributory plans. Contributions by retired plan members are made to the plans to obtain coverage. Therefore the liabilities and costs are shown net of members' contributions. The accrued benefit obligations related to these plans is determined actuarially for accounting purposes. As at March 31, the recorded liabilities included the following components:

(in millions of dollars)

	2016					2015
	Accrued benefit obligations	Other future benefit assets	Unrecognized net actuarial (loss) gain	Benefits paid after measurement date up to March 31	Future benefit liabilities	Future benefit liabilities
Veterans' disability and other future benefits	69,217		(21,755)		47,462	40,626
Royal Canadian Mounted Police disability and other future benefits	10,360		(4,710)		5,650	4,781
Public Service Health Care Plan	29,690		(6,067)		23,623	22,203
Pensioners' Dental Services Plan	4,749	—	(1,307)	—	3,442	3,175
Severance and other benefits	3,186	—	(901)	—	2,285	2,341
Accumulated sick leave entitlements	1,732	—	(115)	—	1,617	1,560
Workers' compensation	1,424	—	(151)	—	1,273	1,130
Consolidated Crown corporations and other entities	332	(2)	1	(2)	329	324
Total	120,690	(2)	(35,005)	(2)	85,681	76,140

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to expense based on the average accrued benefit obligation.

Amendments were made to veteran future benefits thereby improving and expanding access for certain benefits. In 2016, this includes the introduction of an individual assessment which measures the impact that service related impairment has on a veteran's future earnings potential and years left to serve to determine the appropriate Career Impact Allowance grade level, an increase of the maximum Disability Award benefit and the provision of retrospective payments to veterans who received a Disability Award since the introduction of the New Veterans Charter in 2006, an increase in the income replacement, before deductions, under the Earnings Loss Benefit, and an increase in the estate exemption for Funeral and Burial benefits. The amendments resulted in one-time past service costs of $3,750 million ($1,828 million in 2015) and the immediate recognition of a previously unrecognized net actuarial gain of $8 million ($69 million in 2015). In 2015, an amendment to employee severance benefits resulted in a one-time past service cost of $3 million and the immediate recognition of a previously unrecognized net actuarial gain of $3 million.

Beginning in 2011, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The curtailments this year resulted in the immediate recognition of a previously unrecognized net actuarial loss of $2 million (one-time past service cost reduction of $3 million and immediate recognition of a previously unrecognized net actuarial gain of $37 million in 2015), representing the portion related to the obligation for employees subject to the curtailments.

In 2016, payments of $63 million ($643 million in 2015) were made to employees affected by the curtailments of severance benefits who opted to cash out the full or partial value of their accumulated benefits. The settlements resulted in the immediate recognition of a previously unrecognized net actuarial loss of $28 million (one-time past service cost reduction of $49 million and immediate recognition of a previously unrecognized net actuarial gain of $101 million in 2015), representing the portion related to the obligation for employees subject to the settlements.

During the year, expenses relating to these benefits were as follows:

(in millions of dollars)

	2016						2015
	Benefits earned	Plan amendments	Actuarial losses (gains) recognized	Net benefit expense	Interest cost	Total	Total
Veterans' disability and other future benefits	2,223	3,750	2,634	8,607	1,442	10,049	6,901
Royal Canadian Mounted Police disability and other future benefits	436	–	396	832	218	1,050	806
Public Service Health Care Plan	1,015		188	1,203	624	1,827	1,017
Pensioners' Dental Services Plan	144		108	252	105	357	258
Severance and other benefits	116		132	248	80	328	(53)
Accumulated sick leave entitlements	270		2	272	39	311	260
Workers' compensation	229		18	247	32	279	88
Consolidated Crown corporations and other entities	19	–	(2)	17	9	26	30
Total	4,452	3,750	3,476	11,678	2,549	14,227	9,307

Other liabilities

Other liabilities include general liabilities established under the authority of section 64 of the *Financial Administration Act* as well as specified purpose accounts opened under the authority of section 21 of the *Financial Administration Act* or of other specific legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial social insurance program established by an Act of Parliament in 1965. The CPP began operations in 1966. It is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investment earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPPIB).

The CPP is administered by the Government of Canada and the participating provinces. As such, CPP's financial activities are not part of the Government of Canada's reporting entity because changes to the CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

The Minister of Families, Children and Social Development is responsible for the administration of the CPP under the *Canada Pension Plan* Act; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPPIB is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan* Act. It acts in the best interests of the beneficiaries and contributors under the Act.

As administrator of the CPP, the Government's authority to provide benefits is limited to the assets available for benefit payments of the CPP. At March 31, 2016, the fair value of the CPP's assets available for benefit payments is $283,575 million ($269,615 million in 2015).

The CPP Account (the Account) was established in the accounts of Canada pursuant to the *Canada Pension Plan* Act. The transactions of the CPP are recorded in the Account. CPP's revenues and expenses such as contributions, interests, investment income or loss from the CPPIB, pension benefits and operating expenses, are reported as increases and decreases to this liability. The Account also records the amounts transferred to or received from the CPPIB. The CPPIB operates at arm's length from the Government and invests in a diversified portfolio of securities.

The detailed revenues, expenses, assets and liabilities of the CPP financial activities are reported separately in the CPP consolidated financial statements. The CPP's deposit with the Receiver General for Canada of $35 million ($212 million in 2015) corresponds to the balance in the Account and is reported as the Government's liability to the CPP at March 31, 2016.

Table 6.29 presents a reconciliation between the assets available for benefit payments shown in the CPP's consolidated financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

Table 6.29
Due to Canada Pension Plan

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Canada Pension Plan balance per audited consolidated financial statements				
Assets available for benefit payments	269,614,714,942	56,127,925,484	42,167,739,909	283,574,900,517
Less:				
Receivables, net of liabilities	4,780,228,095	4,599,198,207	4,780,228,095	4,599,198,207
Accumulated net income from Canada Pension Plan Investment Board's operations	136,305,000,000	10,007,000,000	876,000,000	145,436,000,000
	128,529,486,847	*41,521,727,277*	*36,511,511,814*	*133,539,702,310*
Less: transfers to Canada Pension Plan Investment Board	128,317,426,977	33,218,345,001	38,405,891,599	133,504,973,575
Deposit with the Receiver General for Canada	212,059,870	74,740,072,278	74,917,403,413	34,728,735

Receipts and other credits include:

(a) contributions at the combined employer and employee rates of 9.9 per cent of pensionable earnings for the 2015 and 2016 calendar years, subject to maximum combined contributions of $4,960 and $5,089 respectively and contributions to the post-retirement benefit pension according to provisions of Bill C-51 of 2009;

(b) income from the average daily operating balance deposited with the Receiver General for Canada;

(c) gains on investments held by the CPPIB; and

(d) payments received on overpayments established.

Payments and other charges include:

(a) pensions and benefits paid under the CPP as retirement and post-retirement benefit pensions, survivors' benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability benefits to eligible contributors and their children;

(b) pensions and benefits paid and recovered from the CPP, in accordance with an agreement with a province providing a comprehensive pension plan;

(c) payments that are required to be charged to the CPP, in accordance with reciprocal agreements with other countries;

(d) costs of administration of the CPP;

(e) funds transferred to the CPPIB; and

(f) losses on investments held by the CPPIB.

For additional information, the consolidated financial statements of the CPP are included with the Supplementary Statements at the end of this section. Additional information on the funding of CPP may also be obtained from the *26th Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest of 7 per cent calculated on the actuarial present value of accrued benefits and any credit needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed annuities transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2016, over 31,343 annuitants held 33,357 active contracts, each annuitant receiving an average payment of $666.24. During the year, 57 deferred annuities came into payment and another 23 deferred contracts were adjusted or terminated at or before maturity, due to death, small refunds or unclaimed funds. Therefore, as of March 31, 2016, there were 316 outstanding deferred annuities, the last of which will come into payment around the year 2030.

During the 2015–2016 fiscal year, 3,325 annuities were terminated or adjusted as a result of annuitant deaths: 2,184 group certificates and 1,141 individual contracts. The average age at death for males was 88.1 while the female age at death averaged 91.3.

The opening balance of $141.4 million was reduced due to charges exceeding income by $14.9 million during 2015–2016. Since the actuarial reserves required as of March 31, 2016 were $126.5 million, an excess amount of $1,830,626 was transferred to the Government's revenues.

Deposit and trust accounts

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.30 presents a summary of the balances and transactions in deposit and trust accounts.

Table 6.30
Deposit and trust accounts

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Deposit accounts				
Agriculture and Agri-Food				
Contractor security deposits—Certified cheques	82,657	29,769	—	112,426
Canadian Dairy Commission				
Canadian Dairy Commission Account	147,847	31,153,308	31,301,155	
Canadian Grain Commission				
Producer Payment Protection Claim Account		150,000		150,000
	230,504	*31,333,077*	*31,301,155*	*262,426*
Environment and Climate Change				
Environment				
Contractor security deposits—Cash and cheques	108,100	185,335	2,115	291,320
Parks Canada Agency				
Contractor security deposits—Cash	614,473	588,788	714,254	489,007
	722,573	*774,123*	*716,369*	*780,327*
Families, Children and Social Development				
Employment and Social Development				
Canada Labour Code—Other	144,732	1,179,689	472,246	852,175
Canada Labour Code—Wage recovery appeals	3,713,069	358,668	2,361,353	1,710,384
	3,857,801	*1,538,357*	*2,833,599*	*2,562,559*
Finance				
Canada Development Investment Corporation				
Holdback—Privatization	21,554,142	97,294		21,651,436
Canada Hibernia Holding Corporation				
Abandonment Reserve Fund	97,495,039	440,090		97,935,129
Swap collateral deposit		291,650,753	164,118,413	127,532,340
	119,049,181	*292,188,137*	*164,118,413*	*247,118,905*
Fisheries, Oceans and the Canadian Coast Guard				
Fisheries and Oceans				
Contractor security deposits—Cash	144,251	537,959	387,360	294,850
Guarantee deposits—Fish habitat preservation	285,000			285,000
	429,251	*537,959*	*387,360*	*579,850*
Health				
Canadian Food Inspection Agency				
Contractor security deposits—Cash	*73,672*			*73,672*
Indigenous and Northern Affairs				
Indian Affairs and Northern Development				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	992,587			992,587
Guarantee deposits	15,056,834	216,865	481,850	14,791,849
Guarantee deposits—Oil and gas	1,213,096			1,213,096
	17,262,517	*216,865*	*481,850*	*16,997,532*
Innovation, Science and Economic Development				
Industry				
Deposits from spectrum auctions	24,600,000		24,600,000	
Justice				
Courts Administration Service				
Security for costs	65,596	20,761	32,379	53,978
Registrar of the Supreme Court of Canada				
Security for costs	392,053	100		392,153
	457,649	*20,861*	*32,379*	*446,131*
National Defence				
Contractor security deposits—Cash	4,553,856	7,188,865	8,244,494	3,498,227

Table 6.30
Deposit and trust accounts—*continued*

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
National Revenue				
Canada Revenue Agency				
Guarantee deposits	178,548,394	40,981,321	29,510,455	190,019,260
Less: securities held in trust	40,000			40,000
	178,508,394	*40,981,321*	*29,510,455*	*189,979,260*
Natural Resources				
Contractor security deposits—Cash	43,454	47,612	52,174	38,892
Guarantee deposits—Oil and gas	8,383,603	5,276,780	5,728,790	7,931,593
	8,427,057	*5,324,392*	*5,780,964*	*7,970,485*
Privy Council				
Privy Council Office				
Office of the Chief Electoral Officer				
Candidates' and committees' deposits—Election and referendum	99,000	1,800,000	1,149,000	750,000
Public Safety and Emergency Preparedness				
Canada Border Services Agency				
General security deposits	6,218,715	521,987	121,986	6,618,716
Guarantee deposits	9,495,816	4,357,764	2,173,486	11,680,094
Immigration Guarantee Fund	21,092,081	7,046,509	6,761,050	21,377,540
Temporary deposits received from importers	1,123,571	385,955	432,943	1,076,583
	37,930,183	*12,312,215*	*9,489,465*	*40,752,933*
Royal Canadian Mounted Police				
Contractor security deposits—Cash	363,513		269,218	94,295
	38,293,696	*12,312,215*	*9,758,683*	*40,847,228*
Public Services and Procurement				
Public Works and Government Services				
Contractor security deposits—Bonds	750,000		750,000	
Contractor security deposits—Cash	4,423,017	8,560,801	4,550,236	8,433,582
Deposits on disposals	181,307	12,888,988	11,912,931	1,157,364
Seized property—Cash	54,672,368	20,795,923	24,221,869	51,246,422
	60,026,692	*42,245,712*	*41,435,036*	*60,837,368*
Transport				
Contractor security deposits—Cash	332,798	65,308	101,253	296,853
Total deposit accounts	456,924,641	436,527,192	320,451,010	573,000,823
Trust accounts				
Families, Children and Social Development				
Employment and Social Development				
Indian Residential Schools Settlement Agreement				
Common experience payments	301,978,300	896,252	220,723,839	82,150,713
Indigenous and Northern Affairs				
Indian Affairs and Northern Development				
Indian band funds				
Capital accounts, Table 6.31	648,634,230	338,395,885	458,374,456	528,655,659
Revenue accounts, Table 6.32	186,063,434	65,467,535	69,892,303	181,638,666
	834,697,664	*403,863,420*	*528,266,759*	*710,294,325*
Indian estate accounts	24,897,727	6,433,695	5,515,889	25,815,533
Indian savings accounts	32,658,629	1,761,036	3,720,440	30,699,225
	892,254,020	*412,058,151*	*537,503,088*	*766,809,083*
Innovation, Science and Economic Development				
Industry				
Restitutions under the *Competition Act*	3,834	459		4,293
National Defence				
Estates—Armed services	1,239,520	1,164,979	1,630,230	774,269
Public Safety and Emergency Preparedness				
Canadian Security Intelligence Service				
Scholastic awards	26,302	119		26,421
Correctional Service of Canada				
Inmates' Trust Fund	18,250,310	43,386,878	43,401,210	18,235,978
Royal Canadian Mounted Police				
Benefit Trust Fund	2,080,734	206,608	128,174	2,159,168
	20,357,346	*43,593,605*	*43,529,384*	*20,421,567*

Table 6.30
Deposit and trust accounts—*concluded*

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Veterans Affairs				
Administered accounts	176,815	35,751	33,234	179,332
Estates Fund	248,137	15,693		263,830
Veterans Administration and Welfare Trust Fund	1,342,398	37,840	312,851	1,067,387
	1,767,350	*89,284*	*346,085*	*1,510,549*
Total trust accounts	1,217,600,370	457,802,730	803,732,626	871,670,474
Total deposit and trust accounts	1,674,525,011	894,329,922	1,124,183,636	1,444,671,297

Contractor security deposits—Certified cheques—Agriculture and Agri-Food

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Canadian Dairy Commission Account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

Producer Payment Protection Claim Account

This account was established to coordinate receipt of security (bond, letter of credit, insurance) funds and disbursement to eligible producer claims as determined by the Canadian Grain Commission's Producer Protection Program under sections 45 and 49 the *Canada Grain Act* and the Canada Grain Regulations. These funds are held in trust for eligible producers until disbursed.

Contractor security deposits—Cash and cheques—Environment

This account was established for the management of deposits of money belonging to third parties.

Contractor security deposits—Cash—Parks Canada Agency

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Securities held in trust by the Canada Revenue Agency are made up of cash deposited to the Consolidated Revenue Fund.

Canada Labour Code—Other

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are wage payments ordered by a Labour inspector in settlement of a wages dispute, which the employer has chosen to pay to the Minister of Employment, Workforce Development and Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

Canada Labour Code—Wage recovery appeals

This account was established to record amounts received under the provisions of section 251.1 of the Canada Labour Code Part III. This requires federally-regulated employers who wish to appeal a payment order made by a Labour inspector regarding wages due to employees, to forward the amounts due to the Minister of Employment, Workforce Development and Labour for deposit. They are held until the appeal is completed and the adjudicator has directed payment of the disputed amount to the employee or return to the employer. Deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

Holdback—Privatization—Canada Development Investment Corporation

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

Abandonment Reserve Fund—Canada Hibernia Holding Corporation

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

Swap collateral deposit

This account was established to record cash received as credit support under a collateral agreement with financial institutions.

An amount of $98 million US is held in this account at year end.

Contractor security deposits—Cash—Fisheries and Oceans

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Guarantee deposits—Fish habitat preservation

This account was established to record cash and securities deposited as guarantees for preservation of fish habitat as required by permits, leases or authorizations, pursuant to Section 35 of the *Fisheries Act*. Interest is not allowed on cash deposits.

Contractor security deposits—Cash—Canadian Food Inspection Agency

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act* and of the *Northwest Territories Waters Act* and various regulations under the *Territorial Lands Act* and the *Mackenzie Valley Resource Management Act*. Interest is not allowed on cash deposits.

Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established to record securities in the form of cash, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to an interest issued in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Deposits from spectrum auctions

This account was established to record amounts deposited by external parties to be eligible to participate in an auction of spectrum licences.

During the year, the account was closed.

Security for costs—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

Security for costs—Registrar of the Supreme Court of Canada

This account was established to record security to the value of $500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)(b) of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Contractor security deposits—Cash—National Defence

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Guarantee deposits—Canada Revenue Agency

This account was established to record cash securities required to guarantee payment of goods and services tax / harmonized sales tax (GST/HST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Contractor security deposits—Cash—Natural Resources

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Guarantee deposits—Oil and gas—Natural Resources

This account was established to record securities in the form of cash, which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Candidates' and committees' deposits—Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Elections Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

General security deposits

This account was established to record general security deposits from transportation companies in accordance with section 148 of the *Immigration and Refugee Protection Act*.

Guarantee deposits—Canada Border Services Agency

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

Immigration Guarantee Fund

This account was established to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown pursuant to sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*.

Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

Contractor security deposits—Cash—Royal Canadian Mounted Police

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Contractor security deposits—Bonds—Public Works and Government Services

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Contractor security deposits—Cash—Public Works and Government Services

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Deposits on disposals

This account was established to report transactions associated to deposits on disposals for Public Works and Government Services Canada (PWGSC), security deposits and revenues of leased space belonging to PWGSC.

Seized property—Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

Contractor security deposits—Cash—Transport

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

Indian Residential Schools Settlement Agreement—Common experience payments

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts received and paid under article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments (CEP) to eligible former students of recognized Indian Residential Schools and personal credits for educational programs and services to CEP recipients or to certain family members. The account is credited with interest pursuant to section 21(2) of the *Financial Administration Act*. The Designated Amount Fund is co-administered by the Trustee, the Government of Canada, represented jointly by the Minister of Families, Children and Social Development and the Minister of Indigenous and Northern Affairs.

Indian band funds

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

Table 6.31
Indian band funds—Capital accounts

(in dollars)

	2015–2016	2014–2015
Opening balance	648,634,230	635,248,632
Receipts and other credits		
Claim settlements	67,700	
Gas royalties	24,063,581	62,916,861
Oil royalties	28,512,130	75,022,621
Sundries	285,752,474	5,996,754
	338,395,885	143,936,236
	987,030,115	779,184,868
Payments and other charges		
Per capita cash distribution	11,667,658	20,311,650
Transfer pursuant to section 64 of the *Indian Act*	446,208,886	110,099,320
Sundries	497,912	139,668
	458,374,456	130,550,638
Closing balance	528,655,659	648,634,230

Table 6.32
Indian band funds—Revenue accounts

(in dollars)

	2015–2016	2014–2015
Opening balance	186,063,434	198,005,579
Receipts and other credits		
Court award and settlements	6,000	1,500
Government interest	17,530,785	20,503,230
Land and other claim settlements	1,182,300	165,000
Sundries	46,748,450	40,449,483
	65,467,535	61,119,213
	251,530,969	259,124,792
Payments and other charges		
Per capita cash distribution	8,040	7,860
Transfer pursuant to section 69 of the *Indian Act*	62,733,228	65,449,443
Sundries	7,151,035	7,604,055
	69,892,303	73,061,358
Closing balance	181,638,666	186,063,434

Indian estate accounts

These accounts were established to record funds received and disbursed for estates of deceased Indians, dependent adult Indians and missing Indians pursuant to sections 42 to 51 of the *Indian Act*.

Indian savings accounts

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 to 52.5 of the *Indian Act*.

Restitutions under the *Competition Act*

This account was established to facilitate judgements rendered under section 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

Estates—Armed services

This account was established to record the service estates pursuant to section 42 of the *National Defence Act* of officers and non-commissioned members who die during their service in the Canadian Forces. Under the administration of the Judge Advocate General, in his capacity as Director of Estates, net assets of estates are distributed to the lawful representative of the personal estate.

Scholastic awards

This account was established to record donations of $26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' Trust Fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with all moneys brought into the institution by an inmate on admission or readmission, and all moneys that are received on the inmate's behalf while in custody, including, monetary gifts from a third party, payments for program participation, pay earned while on work release or conditional release in the community, moneys received from a third party for work performed in an institution or a Correctional Service of Canada approved inmate operated business enterprise, sale of hobby craft or custom work, a payment, allowance or income paid by either a private or government source. Deductions may be made from this account for issues such as debts to the Crown, the Inmate Welfare Fund, canteen expenditures, telephone calls, payments to assist in the rehabilitation of the inmate, and any other payments for which the inmate is liable.

Benefit Trust Fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances, as well as forfeitures of pay. The money paid to the Benefit Trust Fund is used for the benefit of RCMP members, former members and their dependants; use of the funds is governed by the Royal Canadian Mounted Police Regulations.

Administered accounts

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: *(a)* pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and *(b)* benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates Fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

Veterans Administration and Welfare Trust Fund

This account was established to record donations, legacies, gifts, bequests, etc., received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

Other specified purpose accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.33 presents a summary of the balances and transactions for all other specified purpose accounts.

Table 6.33
Other specified purpose accounts

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Insurance and death benefit accounts				
Families, Children and Social Development				
Employment and Social Development				
Civil Service Insurance Fund	4,077,895	69,855	1,569,620	2,578,130
National Defence				
Regular Force Death Benefit Account, Table 6.34	187,511,126	28,523,400	30,582,832	185,451,694
Treasury Board				
Public Service Death Benefit Account, Table 6.35	3,424,084,798	276,395,420	173,928,280	3,526,551,938
Veterans Affairs				
Returned Soldiers' Insurance Fund	6,595	775	1,052	6,318
Veterans' Insurance Fund	1,823,084	46,992	318,635	1,551,441
	1,829,679	*47,767*	*319,687*	*1,557,759*
Total insurance and death benefit accounts	3,617,503,498	305,036,442	206,400,419	3,716,139,521
Pension accounts				
Families, Children and Social Development				
Employment and Social Development				
Annuities Agents' Pension Account	378	3	381	
Global Affairs				
Foreign Affairs, Trade and Development				
Contributory Pension Account – Locally engaged staff	117,040		4,986	112,054
Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Dependants' Pension Fund	19,370,510	877,794	2,575,374	17,672,930
Total pension accounts	19,487,928	877,797	2,580,741	17,784,984
Other accounts				
Agriculture and Agri-Food				
AgriInvest Program	7,696,197	240,050,277	242,887,685	4,858,789
AgriStability Program	49,239,997	33,331,278	32,901,294	49,669,981
Foreign missions to advance Canadian agriculture	7,854	237,606	194,918	50,542
	56,944,048	*273,619,161*	*275,983,897*	*54,579,312*
Canadian Heritage				
Miscellaneous projects deposits	127,981	292,945	306,756	114,170
Shared-cost/joint project agreements	205,000		23,400	181,600
Library and Archives of Canada				
Special Operating Account	205,713	63,158	102,616	166,255
Telefilm Canada				
Advance Account	47,596,462	129,159,947	119,606,613	57,149,796
	48,135,156	*129,516,050*	*120,039,385*	*57,611,821*
Environment and Climate Change				
Environment				
Parks Canada Agency				
Miscellaneous projects deposits	3,674,281	5,604,649	5,040,330	4,238,600
Families, Children and Social Development				
Employment and Social Development				
Federal/provincial collaborative agreement	8,474	67,226,791	67,234,758	507
Federal/provincial shared-cost project	431,909		53,163	378,746
Federal/provincial/territorial shared-cost project				
Interprovincial Computerized Examination Management System (ICEMS)	3,780,827	1,635,595	1,209,226	4,207,196
Labour Standards Suspense Account	1,544,197	26,973	390	1,570,780
	5,765,407	*68,889,359*	*68,497,537*	*6,157,229*

Table 6.33
Other specified purpose accounts—*continued*

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Finance				
Common school funds – Ontario and Quebec	2,677,771			2,677,771
Foreign Claims Fund	179,020			179,020
War Claims Fund – World War II	4,236			4,236
	2,861,027			*2,861,027*
Fisheries, Oceans and the Canadian Coast Guard				
Fisheries and Oceans				
Federal/provincial cost-sharing agreements	313,528	447,020	546,246	214,302
Miscellaneous projects deposits	22,814,103	7,891,304	9,815,916	20,889,491
Sales of seized assets	1,250,015	382,984	303,773	1,329,226
	24,377,646	*8,721,308*	*10,665,935*	*22,433,019*
Global Affairs				
Foreign Affairs, Trade and Development				
Canada Foundation Account	389,039	7,737	13,588	383,188
Less:				
Securities held in trust	376,036	11,871	6,760	370,925
Deposits in a special bank account	13,003	1,717	977	12,263
		21,325	*21,325*	
Financial assistance to Canadians abroad	180,859	937,120	922,591	195,388
Funds from non-governmental organizations	2,397,265	6,759,067	7,146,697	2,009,635
Shared-cost projects	9,957,325	6,811,103	6,972,513	9,795,915
Shared-cost projects – Support to various programs	6,244,500	2,855,248	5,282,341	3,817,407
	18,779,949	*17,383,863*	*20,345,467*	*15,818,345*
Health				
Collaborative research projects	2,921,441	723,016	531,956	3,112,501
Miscellaneous federal/provincial projects	1,620,315	311,348	359,483	1,572,180
World Health Organization	106,133			106,133
Canadian Food Inspection Agency				
Shared-cost agreements	1,267,618	871,321	1,027,381	1,111,558
Public Health Agency of Canada				
Collaborative research projects	1,698,613	336,117	1,209,945	824,785
Miscellaneous federal/provincial projects	986,197		13,000	973,197
	8,600,317	*2,241,802*	*3,141,765*	*7,700,354*
Immigration, Refugees and Citizenship				
Citizenship and Immigration				
Immigrant Investor Program	61,239,879	665,368,960	703,245,119	23,363,720
Indigenous and Northern Affairs				
Indian Affairs and Northern Development				
Indian band funds				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian Moneys Suspense Account	52,907,650	286,400,765	296,265,834	43,042,581
Indian special accounts	413,294	5,055		418,349
Non-Indian moneys	22,671	315,287	337,958	
	53,343,615	*286,721,107*	*296,603,792*	*43,460,930*
Innovation, Science and Economic Development				
Industry				
Federal/provincial agreement – Advance Account	355,617	260,000	466,029	149,588
Income from securities in trust – *Bankruptcy and Insolvency Act*	52,031			52,031
Petro-Canada Enterprises Inc. – Unclaimed shares	687,348			687,348
Securities in trust – *Bankruptcy and Insolvency Act*	31,266		31,266	
Less: securities held in trust	31,266	31,266		
		31,266	*31,266*	
Shared-cost projects	1,239,899	490,421	148,330	1,581,990
Unclaimed dividends and undistributed assets				
Bankruptcy and Insolvency Act	27,067,116	1,908,981	520,204	28,455,893
Canada Business Corporations Act	7,790,875	175,583	261,969	7,704,489
Winding-up and Restructuring Act	3,688,033	1,229,239		4,917,272
Canadian Space Agency				
RADARSAT	97,461		97,461	
Statistics Canada				
Project deposits	1,186,902	102,317,032	103,121,738	382,196
	42,165,282	*106,412,522*	*104,646,997*	*43,930,807*

Table 6.33
Other specified purpose accounts—*concluded*

(in dollars)

	April 1, 2015	Receipts and other credits	Payments and other charges	March 31, 2016
Justice				
Courts Administration Service				
Special Account	7,837,800	3,225,861	4,071,853	6,991,808
National Defence				
Foreign governments—United Kingdom				
British Army—Suffield, Alberta	1,269,109			1,269,109
Joint research and development projects	2,835,664	1,634,038	1,048,155	3,421,547
Non-government agencies	2,912,626	3,378,327	3,290,396	3,000,557
Communications Security Establishment				
Foreign partners—Security	2,063,294	361,854	1,427,528	997,620
	9,080,693	*5,374,219*	*5,766,079*	*8,688,833*
National Revenue				
Canada Revenue Agency				
Deposits/Disbursements—Workers' Compensation Board	154,879	270,723,966	270,277,183	601,662
Natural Resources				
Market development incentive payments—Alberta	2,113,857		326,544	1,787,313
Newfoundland Offshore Revenue Account		268,588,906	268,588,906	
Nova Scotia Offshore Revenue Account		27,556,021	27,556,021	
Shared-cost agreements—Research	4,261,784	2,858,278	2,472,380	4,647,682
Shared-cost projects	477,208	948,824	1,244,497	181,535
Canadian Nuclear Safety Commission				
Security equipment purchases	6,466		683	5,783
	6,859,315	*299,952,029*	*300,189,031*	*6,622,313*
Office of the Governor General's Secretary				
Cost sharing collaborate agreement		*33,686*	*32,309*	*1,377*
Privy Council				
Privy Council Office				
Shared-cost projects—Media travel expenses	82,941	579,296	576,246	85,991
Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Joint research and development projects	1,186,072	80,000	314,573	951,499
Public Services and Procurement				
Public Works and Government Services				
Military purchases excess funds deposit	190,729,261		21,360,707	169,368,554
Less: securities held in trust	190,729,261	21,360,707		169,368,554
		21,360,707	*21,360,707*	—
Transport				
Shared-cost agreements—Remediation projects	24,788,842		19,048,842	5,740,000
Veterans Affairs				
Shared-cost agreements	3,273	661	3,273	661
Total	375,880,422	2,165,809,206	2,229,850,320	311,839,308
Less: consolidation adjustment[1]	47,596,462	9,553,334		57,149,796
Total other accounts	328,283,960	2,156,255,872	2,229,850,320	254,689,512
Total other specified purpose accounts	3,965,275,386	2,462,170,111	2,438,831,480	3,988,614,017

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[1] Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume

Civil Service Insurance Fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the public service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively.

The number of policies in force as of March 31, 2016 was 279 and the average age of the policyholders was 92.5 years. During the year, premiums of $315 were received. Death benefits, settlement annuities and premium refunds of $1,569,620 were paid during 2015–2016.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at $2,578,130 as at March 31, 2016. The balance in the Account as at March 31, 2016 is $2,508,590. The deficit as at March 31, 2016 is therefore $69,540. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, an amount of 69,540 has therefore been credited to the Account in 2015–2016.

Regular Force Death Benefit Account

This account was established by the *Canadian Armed Forces Superannuation Act* to provide life insurance to contributing members and former members of the Canadian Armed Forces. Receipts and other credits consist of: *(a)* contributions by participants; *(b)* Government's contribution paid in respect of participants; *(c)* single premiums payable by the Government in respect of participants who became entitled to a basic benefit of $5,000 without contribution; and *(d)* interest.

Payments and other charges consist of: *(a)* benefits paid in respect of participants; *(b)* benefits paid in respect of elective; and *(c)* the portion of benefits payable for which the Government has paid a single premium.

Table 6.34
Regular Force Death Benefit Account

(in dollars)

	2015–2016	2014–2015
Opening balance	187,511,126	189,251,651
Receipts and other credits		
Employee contributions	17,680,864	17,515,935
Employer contributions		
Government		
General	1,928,531	2,017,428
Single premiums payable by the Government in respect of Regular Force participants who became entitled to a basic benefit of $5,000 without contribution	243,349	786,290
Interest	8,670,656	9,456,294
Total receipts and other credits	28,523,400	29,775,947
Subtotal	216,034,526	219,027,598
Payments and other charges		
Benefit payments		
Benefits paid in respect of participants who, at the time of death, were members of the Regular Force, or who were elective Regular Force participants	30,582,832	31,516,472
Closing balance	185,451,694	187,511,126

Public Service Death Benefit Account

This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the Public Service.

The account is credited with: *(a)* contributions by employees; *(b)* contributions by the Government and Public Service corporations; and *(c)* interest. Payments and other charges represent: *(a)* benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and *(b)* benefits of $10,000 paid in respect of participants who, at the time of death, were employed in the Public Service or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for $10,000 death benefit coverage for life has been made.

Table 6.35
Public Service Death Benefit Account

(in dollars)

	2015–2016	2014–2015
Opening balance	3,424,084,798	3,310,011,661
Receipts and other credits		
Employee contributions		
Active members		
Public service employees	69,915,445	69,530,578
Public service corporations	5,378,959	5,162,060
Retired employees	25,035,477	23,994,248
Employer contributions		
Public service corporations	1,427,565	1,376,392
Death benefit – general	10,859,808	10,906,651
Death benefit – single premium for $10,000	2,936,566	2,769,441
Interest	160,841,600	167,169,944
Total receipts and other credits	276,395,420	280,909,314
Subtotal	3,700,480,218	3,590,920,975
Payments and other charges		
Benefit payments		
General	130,008,537	130,506,738
Life coverage for $10,000	43,610,580	35,956,362
Other death benefit payments	309,163	373,077
Total payments and other charges	173,928,280	166,836,177
Closing balance	3,526,551,938	3,424,084,798

Returned Soldiers' Insurance Fund

This fund was established by the *Returned Soldiers' Insurance Act* to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2015, of $775 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was August 31, 1933.

Veterans' Insurance Fund

This fund was established by the *Veterans Insurance Act* to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2015, of $46,936 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was October 31, 1968.

Annuities Agents' Pension Account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

During the fiscal year, the account was closed.

Contributory Pension Account—Locally engaged staff

This account was established to record benefits paid to locally engaged staff hired prior to March 1, 2009 at the Canadian High Commission in Guyana upon termination of their employment. The specified purpose account was established following the liquidation of CLICO Life and General Insurance Company (South America) Limited.

Dependants' Pension Fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of Constables of the Royal Canadian Mounted Police, who purchased pension benefits between October 1, 1934 and March 1, 1949. There are no longer any active members amongst the contributors.

AgriInvest Program

The AgriInvest Program is a savings account designed to help producers cover small margin declines.

The AgriInvest Program is cost-shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions, which are held in the specified purpose accounts until they are applied and transferred to the producer accounts. The funds in the producers specified purpose accounts are then drawn down as AgriInvest account holders request withdrawals or when the funds are transferred to a financial institution.

Starting with the 2009 program year, producers are required to make their AgriInvest deposits at a financial institution of their choice and any funds which were previously held by the federal government will be transferred to the new accounts.

AgriStability Program

The AgriStability Program is designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

The AgriStability Program is cost-shared with provinces and territories on a 60/40 basis. Producers are charged a fee in order to participate in the program, which covers a portion of the program expenditure. The provinces and territories as well as producers are invoiced for their share of the contributions, which are held in the specified purpose accounts. These funds are drawn down as applications are processed and benefits are paid out.

Foreign missions to advance Canadian agriculture

This account was established to record deposits made by Canadian agri-food industry organizations towards the costs of hosting incoming government-to-government foreign missions that advance Canadian agri-food commercial interests, or for costs related to outgoing foreign missions in support of incremental agri-food market development activities, for which there is a collaborative agreement with the Federal Government. The costs incurred by the Federal Government to undertake these missions are charged to this account and any unspent deposits are returned to the relevant Canadian agri-food industry organizations at the completion of each mission.

Miscellaneous projects deposits—Canadian Heritage

This account was established to record contributions received from organizations and individuals for various projects.

Shared-cost/joint project agreements—Canadian Heritage

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Special Operating Account

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that: *(a)* the account be credited with funds received for the purpose of the Library and Archives Canada by way of donation, bequest or otherwise, and *(b)* any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

Advance Account—Telefilm Canada

This account was established pursuant to section 19 of the *Telefilm Canada Act*, to reserve for use in future years the revenues and recoveries generated from projects funded by Telefilm Canada.

Miscellaneous projects deposits—Parks Canada Agency

This account was established to record contributions received from organizations and individuals for various projects.

Federal/provincial collaborative agreement

This account was established to record amounts received by Employment and Social Development from a province as funding under the provisions of a collaborative agreement with the province.

Federal/provincial shared-cost project—Employment and Social Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the Federal Government. Disbursements are made to pay the provinces' share of costs as per official agreements or to refund unused amounts.

Federal/provincial/territorial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provinces and territories to pay for the development and annual operating costs of the ICEMS. Advance payments are made pursuant to the "Agreement on the Joint Project for the ongoing operations of the ICEMS". The costs incurred are charged to the account and any unexpended funds will be allocated according to the common will of the Parties and shall be in accordance with applicable legislation.

Labour Standards Suspense Account

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Employment, Workforce Development and Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

Common school funds—Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of $133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 per cent per annum, and is charged to interest on the public debt.

Foreign Claims Fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: *(a)* such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and *(b)* all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War Claims Fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: *(a)* to eligible claimants for compensation in respect of World War II; *(b)* of a supplementary award amounting to 50 per cent of the original award (PC 1958-1467, October 23, 1958); and *(c)* of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established to record the deposit of funds received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Canada Foundation Account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs, Trade and Development on behalf of third parties.

Shared-cost projects—Foreign Affairs, Trade and Development

This account was established to record funds received from organizations outside the Government of Canada accounting entity for shared-cost projects.

Shared-cost projects—Support to various programs

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects to support various development programs.

Collaborative research projects—Health

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects—Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

World Health Organization

This account was established to record funds received from the World Health Organization for scientific projects.

Shared-cost agreements—Canadian Food Inspection Agency

This account was established to record amounts deposited by external parties for shared-cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Collaborative research projects—Public Health Agency of Canada

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects—Public Health Agency of Canada

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

Immigrant Investor Program

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section 91(d) of the Immigration and Refugee Protection Regulations. This program allows qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

The *Economic Action Plan 2014 Act, No. 1* (Bill C-31) terminated the program and any application in the backlog for which a selection decision was not made before February 11, 2014. While the program has been terminated, outstanding investments will continue to be returned to investors approximately over the next 5 years.

Indian band funds—Shares and certificates

This account was established under the *Indian Act*, to record the historical value of TransAlta Utilities Corporation shares received as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band.

Indian Moneys Suspense Account

This account was established to hold moneys received for individual Indians and bands, that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

Indian special accounts

Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purpose and include the following:

(a) Quebec fur account—This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc. No activity was reported in the current year.

(b) Fines—*Indian Act*—Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

Non-Indian moneys

This account was established as per Article 5.08 (a)(ii) of the Saskatchewan Treaty Land Entitlement Framework Agreement to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties.

Federal/provincial agreement—Advance Account

This account was established to record deposits from non-federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

Income from securities in trust—*Bankruptcy and Insolvency Act*

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Petro-Canada Enterprises Inc.—Unclaimed shares

This account was established by Section 227 of the *Canada Business Corporations Act* to record the liability to shareholders who have not presented their shares for payment.

Securities in trust—*Bankruptcy and Insolvency Act*

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Shared-cost projects—Industry

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Unclaimed dividends and undistributed assets—*Bankruptcy and Insolvency Act*

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets—*Canada Business Corporations Act*

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—*Winding-up and Restructuring Act*

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

RADARSAT

This account was established to record funds received for both cost-sharing and advance payments for RADARSAT scenes.

Project deposits—Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

Special Account—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Joint research and development projects—National Defence

This account was established to record funds received from other governments and organizations through collaborative relationships where the work is shared between the government of Canada and other laboratories.

Non-government agencies

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Foreign partners

These accounts were established to record funds received from foreign partners to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Deposits/Disbursements—Workers' Compensation Board

This account was established under the authority of the *Canada Revenue Agency Act* and the *Workers' Compensation Act*, to enable the Canada Revenue Agency (CRA) to record and forward on daily basis, funds received from Nova Scotia employers to the Workers' Compensation Board of Nova Scotia (Board), as part of a partnership arrangement between the CRA and the Board.

Market development incentive payments—Alberta

This account records funds received from the Government of Alberta to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986; however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles.

More recently, a new strategy for the expenditure of these funds has been agreed upon. This strategy consists of expending the remaining funds in support of expanding the use of natural gas (NG) in transportation and combined heat and power applications across Canada.

Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* to facilitate the transfer of funds to the province of Newfoundland and Labrador equal to revenues from oil and gas activities in the Canada-Newfoundland and Labrador offshore. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Newfoundland and Labrador are charged thereto.

Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the transfer of funds to the province of Nova Scotia equal to revenues from oil and gas activities in Canada-Nova Scotia offshore. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

Shared-cost agreements—Research—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint projects or shared-cost research agreements.

Shared-cost projects—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost-sharing scientific projects.

Security equipment purchases

Funds deposited in this account by licensees are used to provide for payment of purchases of security equipment for the licensees' facilities in accordance with security arrangements mandated pursuant to the *Nuclear Safety and Control Act*.

Cost sharing collaborate agreement

This account was established to record amounts deposited by external parties for shared-cost projects.

Shared-cost projects—Media travel expenses

This account records medias' (non-governmental organizations) reimbursements for travel arrangement services rendered to them.

Joint research and development projects—Royal Canadian Mounted Police

This account was established to record funds received from other government organizations in order to share costs incurred under various research project agreements, technical requirements and system improvements.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Shared-cost agreements—Remediation projects

This account was established to record funds received from external parties in order to cover expenditures incurred under shared-cost remediation projects.

Shared-cost agreements—Veterans Affairs

This account was established to record transactions relating to share of costs incurred under federal/provincial cost-sharing agreements and funding for research and other projects at Sainte Anne's Hospital.

Supplementary Statements

Canada Pension Plan

Management's responsibility for financial statements

The consolidated financial statements of the Canada Pension Plan are prepared in accordance with the legislation Canada Pension Plan (*Canada Pension Plan*) by the management of Employment and Social Development Canada. Management is responsible for determining that the applicable financial reporting framework is acceptable and is responsible for the integrity and objectivity of the information in the consolidated financial statements, including the amounts which must, of necessity, be based on best estimates and judgment. The significant accounting policies are identified in Note 2 to the consolidated financial statements. The financial information presented throughout the Annual Report is consistent with the consolidated financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Canada Pension Plan*, the *Canada Pension Plan Investment Board Act* and the *Financial Administration Act* and their accompanying regulations.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, conducts an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
September 1, 2016

Canada Pension Plan—*continued*

Independent Auditor's Report

To the Minister of Families, Children and Social Development

I have audited the accompanying consolidated financial statements of the Canada Pension Plan, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of operations, consolidated statement of changes in financial assets available for benefit payments and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management of the Canada Pension Plan using the basis of accounting described in Note 2 to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements of the Canada Pension Plan for year ended 31 March 2016 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the consolidated financial statements.

Basis of accounting

Without modifying my opinion, I draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to comply with the financial reporting provisions of the *Canada Pension Plan* legislation. As a result, the consolidated financial statements may not be suitable for another purpose.

Robert Wilson, CPA, CA
Principal
for the Auditor General of Canada

1 September 2016
Ottawa, Canada

Canada Pension Plan—*continued*

Consolidated statement of financial position as at March 31

(in millions of dollars)

	2016	2015
Financial assets		
Cash (Note 3)	95	271
Receivables (Note 4)	5,100	5,325
Investments (Note 6)	345,319	318,481
Amounts receivable from pending trades (Note 6)	2,627	2,908
	353,141	326,985
Liabilities		
Payables and accrued liabilities (Note 8)	1,158	1,106
Investment liabilities (Note 6)	65,379	50,547
Amounts payable from pending trades (Note 6)	3,431	6,087
	69,968	57,740
Financial assets available for benefit payments	**283,173**	**269,245**
Non-financial assets		
Premises, equipment and others	402	370
Assets available for benefit payments	**283,575**	**269,615**

Actuarial obligation in respect of benefits (Note 14)
Contractual obligations (Note 15)
Contingent liabilities (Note 16)
The accompanying notes are an integral part of these consolidated financial statements.

Approved by:

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Canada Pension Plan—*continued*

Consolidated statement of operations for the year ended March 31

(in millions of dollars)

	Budget 2016 (Note 9)	Actual 2016	Actual 2015
Revenues			
Contributions	46,656	46,119	45,046
Net investment income (Note 10)			
Realized gains	–	11,521	8,797
Unrealized (losses) gains	–	(7,307)	27,208
Interest income	–	4,081	3,229
Dividend income	–	2,113	2,324
Other income	–	1,368	1,413
Transaction costs	–	(437)	(273)
Investment management fees	–	(1,330)	(1,254)
	10,710	10,009	41,444
	57,366	56,128	86,490
Expenses			
Pensions and benefits			
Retirement	32,096	31,407	29,582
Survivor	4,449	4,369	4,334
Disability	4,195	3,958	3,939
Disabled contributor's child	328	316	296
Death	335	347	312
Orphan	230	212	213
Post-retirement		242	142
Net overpayments (Note 4)	–	(97)	(71)
	41,633	40,754	38,747
Operating expenses (Note 12)	1,220	1,414	1,337
	42,853	42,168	40,084
Net increase in assets available for benefit payments	14,513	13,960	46,406
Assets available for benefit payments, beginning of year	**269,615**	**269,615**	**223,209**
Assets available for benefit payments, end of year	**284,128**	**283,575**	**269,615**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in financial assets available for benefit payments for the year ended March 31

(in millions of dollars)

	Budget 2016 (Note 9)	Actual 2016	Actual 2015
Net increase in assets available for benefit payments	14,513	13,960	46,406
Changes in non-financial assets	–	(32)	(43)
Increase in financial assets available for benefit payments	14,513	13,928	46,363
Financial assets available for benefit payments, beginning of year	**269,245**	**269,245**	**222,882**
Financial assets available for benefit payments, end of year	**283,758**	**283,173**	**269,245**

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan—*continued*

Consolidated statement of cash flow for the year ended March 31

(in millions of dollars)

	2016	2015
Operating activities		
Cash receipts		
Contributions	46,287	44,301
Dividends on investments	1,829	1,960
Interest on investments	3,949	3,235
Other investment income	1,376	1,223
Cash payments		
Pensions and benefits	(40,741)	(38,845)
Operating expenses	(1,299)	(1,121)
Investment management fees	(1,053)	(555)
Transaction costs	(446)	(241)
Payment of interest on debt	(39)	(130)
Cash flows from operating activities	**9,863**	**9,827**
Capital activities		
Acquisition of premises and equipment	(50)	(43)
Cash flows used in capital activities	**(50)**	**(43)**
Financing activities		
Issuance of debt	62,303	34,678
Repayment of debt	(55,691)	(34,614)
Cash flows from financing activities	**6,612**	**64**
Investing activities		
Purchases		
Equities	(214,319)	(161,599)
Real assets	(11,144)	(6,255)
Bonds	(375,214)	(274,391)
Money market securities and absolute return strategies	(4,910,894)	(3,331,176)
Other debt	(14,260)	(10,852)
Disposals		
Equities	220,927	150,246
Real assets	2,753	3,539
Bonds	361,636	275,690
Money market securities and absolute return strategies	4,915,750	3,340,393
Other debt	8,164	4,661
Cash flows used in investing activities	**(16,601)**	**(9,744)**
Net (decrease) increase in cash	**(176)**	**104**
Cash, beginning of year	**271**	**167**
Cash, end of year	**95**	**271**

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016

1. Authority, objective and responsibilities

(a) Description of the Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965. The CPP is administered by the Government of Canada and the participating provinces.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada except Quebec, which operates the Quebec Pension Plan (QPP), a comparable program. The CPP's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The Minister of Families, Children and Social Development is responsible for the administration of the CPP, under the *Canada Pension Plan*; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPP Investment Board (CPPIB) is responsible for managing the amounts that are being transferred under section 108.1 of the *Canada Pension Plan*. It acts in the best interests of the beneficiaries and contributors under the *Canada Pension Plan*.

In accordance with the *Canada Pension Plan*, the financial activities of the CPP are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *Canada Pension Plan* and its regulations. The CPP's investments are held by the CPPIB. The CPPIB was established pursuant to the *Canada Pension Plan Investment Board Act* (*CPPIB Act*). The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada.

The CPPIB's transactions are governed by the *CPPIB Act* and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its wholly-owned subsidiaries are exempt from Part I income tax under paragraphs 149(1)*(d)* and 149 (1)*(d.*2) of the *Income Tax Act* (Canada) on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance) and the provinces. It provides regular reports of its activities and the results achieved. The financial statements of the CPPIB are audited annually by an external firm and are included in its annual report.

As stated in the *Canada Pension Plan* and *CPPIB Act*, changes to these Acts require the approval of at least two-thirds of the provinces that have, in the aggregate, not less than two-thirds of the population of all included provinces.

(b) Pensions and benefits

Retirement pensions – A retirement pension is payable to CPP contributors at age 60 or older, according to the provisions of the *Canada Pension Plan*. The monthly amount is equal to 25 per cent of the contributor's average monthly pensionable earnings during the pensionable period. The amount is reduced or increased depending upon whether the contributor applies for a retirement pension before or after age 65. The maximum new monthly pension payable at age 65 in 2016 is $1,092.50 (2015 – $1,065.00).

Post-retirement benefits – A post-retirement benefit (PRB) pension is payable to each retirement pension recipient who has continued to work and has made contributions to the PRB while between the ages of 60 and 70, according to provisions of Bill C-51 of 2009. As of January 1, 2012, Canadians working outside Quebec who receive CPP or RRQ retirement benefits began making contributions to the PRB. Contributions are mandatory for CPP or RRQ retirement pension recipients aged 60-65, however, those between the ages of 65 and 70 can choose not to contribute. The PRB becomes payable the year after contributions are made. PRB payments to eligible contributors came into effect on January 1, 2013. The maximum new monthly PRB at age 65 in 2016 is $27.31 (2015 – $26.63).

Disability benefits – A disability benefit is payable to a contributor who is disabled, according to the provisions of the *Canada Pension Plan*. The amount of the disability benefit to be paid includes a flat-rate portion and an amount equal to 75 per cent of the earned retirement pension. The maximum new monthly disability benefit in 2016 is $1,290.81 (2015 – $1,264.59).

Survivor's benefits – A survivor's benefit is payable to the spouse or common-law partner (the beneficiary) of a deceased contributor, according to the provisions of the *Canada Pension Plan*. For a beneficiary under the age of 65, the benefit consists of a flat-rate portion and an amount equal to 37.5 per cent of the deceased contributor's earned retirement pension. A beneficiary between the ages of 35 and 45 who is not disabled or who has no dependent children receives reduced benefits. For beneficiaries aged 65 and over, the benefit is equal to 60 per cent of the retirement pension granted to the deceased contributor. The maximum new monthly benefit payable to a beneficiary in 2016 is $655.50 (2015 – $639.00).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

Disabled contributor's child and orphan benefits – According to the provisions of the *Canada Pension Plan*, each child of a contributor who is receiving disability benefits or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full-time. The flat-rate monthly benefit in 2016 is $237.69 (2015 – $234.87).

Death benefits – According to the provisions of the *Canada Pension Plan*, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor. The death benefit is a lump-sum payment that amounts to six times the amount of the deceased contributor's monthly retirement pension, up to a maximum, in 2016 is $2,500.00 (2015 – $2,500.00).

Pensions and benefits indexation – As required by the *Canada Pension Plan*, pensions and benefits are indexed annually based on the Consumer Price Index for Canada. The rate of indexation for 2016 is 1.2 per cent (2015 – 1.8 per cent).

2. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies described below in compliance with the *Canada Pension Plan*. The financial statements are presented on a consolidated basis to include the accounts of the CPP and the CPPIB and include a consolidated statement of financial position, a consolidated statement of operations, a consolidated statement of changes in financial assets available for benefit payments and a consolidated statement of cash flow.

The CPP, which is managed by both the Government of Canada and participating provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

(b) International Financial Reporting Standards

The CPPIB, which is a significant component of the CPP consolidated financial statements, adopted International Financial Reporting Standards (IFRS) as of April 1, 2014. While there is no impact on financial assets available for benefit payments and net increase in assets available for benefit payments as a result of CPPIB's IFRS adoption, CPPIB's incremental financial statement disclosures related to investments, investment receivables and investment liabilities is supplementary information to the requirements of the *Canada Pension Plan*.

(c) Financial instruments

The CPP, through CPPIB, measures its investments, investment receivables and investment liabilities at fair value.

The investments and investment receivables are measured at fair value on the basis that they are part of a portfolio managed and evaluated on a fair value basis in accordance with investment strategies and risk management of CPPIB.

Investment liabilities are measured at fair value upon meeting the following criteria:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

The CPP, through the CPPIB, recognizes investments, investment receivables and investment liabilities when, and only when, it becomes a party to the contractual provisions of the instrument. In addition, these are recorded on a trade date basis.

Investments and investment receivables are derecognized when the contractual rights to receive the cash flows expire or where the CPP, through CPPIB, has transferred the asset and substantially all the risks and rewards of the asset or no longer retains control over the asset. Investment liabilities are derecognized by CPP, through CPPIB, when the obligation under the liabilities is discharged, cancelled or expires.

Upon initial recognition, investments, investment receivables and investment liabilities are measured at fair value. Subsequent changes in the fair value are recorded as unrealized gain (loss) on investments and included in net investment income (loss), along with the interest and dividend income from such financial instruments.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

(d) Valuation of investments, investment receivables and investment liabilities

Investments, investment receivables and investment liabilities are recorded on a trade date basis and are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if available, or current fair value of another investment that is substantially the same, discounted cash flow analysis, option pricing models and other accepted industry valuation methods, that may include the use of estimates made by management, appraisers or both where significant judgment is required. By using valuation methods based on reasonable alternative assumptions, different fair values could result. CPP, through CPPIB's management, has determined that the potential impact on fair values using these reasonable alternative assumptions would not be significant.

(e) Contributions

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review. Adjustments, if any, are recorded as contributions in the year they are known.

(f) Investment income

Income from investments includes realized gains and losses from investments, changes in unrealized gains and losses on investments, dividend income and interest income. Dividend income is recognized on the ex-dividend date, which is when the right to receive the dividend has been established. Interest income is recognized using the effective interest rate method.

(g) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and included in net investment income (loss).

(h) Investment management fees

Investment management fees, which include hedge fund performance fees, are paid to investment managers for externally managed investments. Investment management fees are expensed as incurred and included in net investment income (loss).

(i) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Securities purchased under reverse repurchase agreements represent the purchase of securities effected with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. These securities are not recognized as an investment of the CPP, through the CPPIB. The fair value of securities to be resold under these reverse repurchase agreements is monitored and additional collateral is obtained, when appropriate, to protect against credit exposure. In the event of counterparty default, the CPP, through the CPPIB, has the right to liquidate the collateral held.

Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified price at a specified future date. The securities sold continue to be recognized as an investment of the CPP, through the CPPIB, with any changes in fair value recorded as net gain (loss) on investments and included in net investment income (loss). Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is included in net investment income (loss) (refer to Note 10).

(j) Securities sold short

Securities sold short represent securities that are sold, but not owned, by the CPP, through the CPPIB. The CPP, through the CPPIB, has an obligation to cover these short positions, which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, when appropriate (refer to Note 7). Interest and dividend expense on securities sold short are included in net investment income (loss) (refer to Note 10).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

(k) Translation of foreign currencies

Transactions, including purchases and sales of investments, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date. Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Foreign currency transaction gains and losses on financial instruments are included in net investment income (loss) (refer to Note 10).

(l) Pensions and benefits

Pensions and benefits expenses are recorded when incurred or reasonably estimated.

(m) Tax deductions due to the Canada Revenue Agency

Tax deductions due to the CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries (refer to Note 8).

(n) Net overpayments

Net overpayments comprise overpayments of pensions and benefits that were established during the year less remissions of debts granted.

(o) Operating expenses

Operating expenses are recorded as incurred.

(p) Other claims and legal actions

The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate can be made.

(q) Measurement uncertainty

The preparation of consolidated financial statements in accordance with the *Canada Pension Plan* requires management to make certain estimates, judgments and assumptions that affect the reported values of assets and liabilities as at the date of the consolidated financial statements and revenues and expenses during the reporting period. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingent liabilities, actuarial obligation in respect of benefits and valuation of financial instruments which are not actively traded. Measurement uncertainty exists in these consolidated financial statements. Actual results could significantly differ from those estimates.

(r) Future changes in accounting standards

The CPP is currently analyzing the impact of these new sections relevant to the consolidated financial statements:

Related party disclosures, effective date April 1, 2017

This new section PS 2200 defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

Assets, effective date April 1, 2017

This new section PS 3210 provides guidance for applying the definition of assets and establishes the general disclosure requirements.

Contingent assets, effective date April 1, 2017

This new section PS 3320 defines contingent assets as possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Contractual rights, effective date April 1, 2017

This new section PS 3380 defines and establishes disclosure standards on contractual rights which are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

Inter-entity transactions, effective date April 1, 2017

This new section PS 3420 establishes how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and recipient perspective.

Restructuring transactions, effective date April 1, 2018

This new section PS 3430 introduces accounting guidance for both transferors and recipients of a restructuring transaction which is a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities without consideration based primarily on the fair value of the individual assets and liabilities transferred.

Financial instruments, effective date April 1, 2019

i. Financial instruments

The new section PS 3450 (financial instruments) establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Items within the scope of the section are assigned to one of two measurement categories: fair value and cost or amortized cost. Until an item is derecognized, gains and losses arising as a result of fair value remeasurement will be reported in the consolidated statement of remeasurement gains and losses.

ii. Foreign currency translation

The revised section PS 2601 (foreign currency translation) requires that remeasurement gains and losses on foreign currency translation be reported in a new consolidated statement of remeasurement gains and losses until such time as the financial instrument is derecognized, at which point, the accumulated remeasurement gain and loss is recognized in the consolidated statement of operations.

iii. Financial statement presentation

The revised section PS 1201 (financial statements presentation) establishes the general principles and information standards applicable to consolidated financial statements. It requires that remeasurement gains and losses be reported in a new statement. Also, the assets available for benefit payments will be presented as the total of the net increase in assets available for benefit payments for the year and the accumulated remeasurement gains and losses.

Portfolio investments, effective date April 1, 2019

This section PS 3041 establishes standards on how to account for and report portfolio investments in government financial statements.

3. Cash

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the *Canada Pension Plan* to record the contributions, interest, pensions, benefits and operating expenses of the CPP. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2016, the deposit with the Receiver General for Canada in the CPP Account is $35 million (2015 – $212 million) and the CPPIB's cash is $60 million (2015 – $59 million) for a total of $95 million (2015 – $271 million).

4. Receivables

Receivables comprised the following:

(in millions of dollars)

	2016	2015
Contributions	4,945	5,114
Quebec Pension Plan	91	162
Beneficiaries		
Balance of pensions and benefits overpayments	192	169
Allowance for doubtful accounts	(135)	(120)
Others	7	–
	5,100	5,325

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

Contributions receivable represent the estimated amount to be collected from the CRA relating to contributions earned at year end and adjusted for tax returns not yet assessed. The amount includes an estimate that takes into consideration the number of contributors and the average contribution to be received, which is based on the average earning and the CPP contribution rate. On an annual basis, the model used to make the estimate is reviewed. The difference between the estimate and the actual amount has not been significant in the past.

The CPP has procedures to detect overpayments. During the year, overpayments totalling $102 million (2015 – $75 million) were established and debts totalling $5 million (2015 – $4 million) were forgiven as per the remission provisions of the *Canada Pension Plan*. A further $74 million (2015 – $49 million) was recovered through collection of payments and withholdings from beneficiaries.

5. Investment activities risk management

The CPP, through the investment activities carried out by the CPPIB, is exposed to a variety of financial risks. These risks include market risk, credit risk and liquidity risk. The CPPIB manages and mitigates financial risks through the Risk/Return Accountability Framework that is contained within the Risk Policy approved by the Board of Directors at least once every fiscal year. This policy contains risk limits and risk management provisions that govern investment decisions. It has been designed to achieve the mandate of the CPPIB, which is to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

Effective April 1, 2015, changes were made to the Risk/Return Accountability Framework. Upper and Lower Absolute Risk Limits and the Absolute Risk Operating Range are included within the Risk/Return Accountability Framework, and these govern the amount of total investment risk that CPPIB can take in the long term CPP Investment Portfolio. CPPIB monitors the absolute risk, the possible losses of value expressed in absolute dollar or percentage terms, in the CPP Investment Portfolio daily and reports risk exposures to the Board of Directors on at least a quarterly basis.

i. *Market Risk*: Market risk (including currency risk, interest rate risk and other price risk) is the risk that the fair value or future cash flows of an investment or investment liability will fluctuate because of changes in market prices and rates.

Currency Risk: The CPP, through the CPPIB, is exposed to currency risk through holdings of investments or investment liabilities in various currencies.

In Canadian dollars, the net underlying currency exposures, after allocating foreign currency derivatives, as at March 31, are as follows:

(in millions of dollars)

	2016		2015	
Currency	Net exposure	% of total	Net exposure	% of total
United States dollar	138,624	61	116,292	59
Euro	29,697	13	30,955	16
British pound sterling	16,245	7	12,595	6
Japanese yen	14,692	6	11,879	6
Australian dollar	8,026	4	6,499	3
Chinese yuan	3,356	1	2,614	1
Hong Kong dollar	2,592	1	2,425	1
Chilean peso	2,042	1	1,855	1
Swiss franc	2,020	1	2,045	1
South Korean won	1,886	1	1,792	1
Indian rupee	1,821	1	1,344	1
Brazilian real	1,309	1	1,404	1
Other	5,960	2	5,657	3
	228,270	100	197,356	100

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

As at March 31, 2016, with all other variables and underlying values held constant, a change in the value of the Canadian dollar against major foreign currencies by 5 per cent would result in an approximate increase (decrease) in the value of investments and investment liabilities as follows:

(in millions of dollars)

	2016		2015	
	Change in investment value		Change in investment value	
Currency	+5%	-5%	+5%	-5%
United States dollar	(6,931)	6,931	(5,815)	5,815
Euro	(1,485)	1,485	(1,548)	1,548
British pound sterling	(812)	812	(630)	630
Japanese yen	(735)	735	(594)	594
Australian dollar	(401)	401	(325)	325
Chinese yuan	(168)	168	(131)	131
Hong Kong dollar	(130)	130	(121)	121
Chilean peso	(102)	102	(93)	93
Swiss franc	(101)	101	(102)	102
South Korean won	(94)	94	(89)	89
Indian rupee	(91)	91	(67)	67
Brazilian real	(66)	66	(70)	70
Other	(298)	298	(283)	283
	(11,414)	11,414	(9,868)	9,868

Interest Rate Risk: Interest rate risk is the risk that the fair value or future cash flows of an investment or investment-related liability will fluctuate because of changes in market interest rates.

Other Price Risk: Other price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices arising primarily from equity price risk, commodity price risk and credit spread risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

ii. *Credit Risk*: Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations, or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPP's, through the CPPIB, most significant exposure to credit risk is through its investment in debt securities, over-the-counter derivatives (as discussed in Note 6f) and guarantees. The carrying amounts of the investments are presented in Note 6 and guarantees are presented in Note 16c.

iii. *Liquidity Risk*: Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet pensions and benefit payments, investment commitments and investment liabilities as they come due. The CPP manages this risk through cash flow planning for both short-term and long-term requirements. The cash flow is prepared for a two-year period and updated on a weekly basis to inform CPPIB of the fund required by CPP to meet its financial obligations. Also, the CPP, through the CPPIB, supplements its management of liquidity risk through its ability to raise funds through the issuance of commercial paper and term debt and transacting in securities sold under repurchase agreements (refer to Note 6 and Note 7).

The CPPIB maintains $1.5 billion (2015 – $1.5 billion) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2016, the total amount drawn on the credit facilities is $nil (2015 – $nil). The CPPIB also has the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly traded equities, money market securities and marketable bonds.

The CPPIB is also exposed to liquidity risk through its responsibility for providing cash management services to the CPP (refer to Note 18). In order to manage liquidity risk associated with this short-term cash management program, certain assets are segregated and managed separately. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective of ensuring that the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

6. Investments and investment liabilities

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve its mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework.

The CPPIB's investments are grouped by asset class based on the nature of the investment. The investments are as follows:

(in millions of dollars)

	2016	2015
Equities		
Canada	7,100	8,798
Foreign developed markets	113,480	116,040
Emerging markets	17,953	14,574
Total equities	**138,533**	**139,412**
Fixed income		
Bonds	73,061	65,642
Other debt	26,144	21,024
Money market securities	16,732	17,740
Total fixed income	**115,937**	**104,406**
Absolute return strategies[1]	**17,034**	**16,185**
Real assets		
Real estate	35,857	29,656
Infrastructure	20,373	15,013
Total real assets	**56,230**	**44,669**
Investment receivables		
Securities purchased under reverse repurchase agreements	12,199	10,817
Accrued interest	1,161	928
Derivative receivables	4,060	1,882
Dividends receivable	165	182
Total investment receivables	**17,585**	**13,809**
Total investments	**345,319**	**318,481**
Investment liabilities		
Securities sold under repurchase agreements	(19,926)	(15,779)
Securities sold short	(27,371)	(22,385)
Debt financing liabilities	(15,568)	(9,955)
Derivative liabilities	(2,514)	(2,428)
Total investment liabilities	**(65,379)**	**(50,547)**
Amounts receivable from pending trades	2,627	2,908
Amounts payable from pending trades	(3,431)	(6,087)
Net investments[2]	**279,136**	**264,755**

[1] Includes only investments in funds.

[2] The total of net investments not actively traded as at March 31, 2016 is $190,989 million (2015 – $166,210 million).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

(a) Equities

Equities consist of public and private investments in each of these three markets: Canadian, foreign developed and emerging.

i. Public equity investments are made directly or through funds, including hedge funds. As at March 31, 2016, public equities included fund investments with a fair value of $7,807 million (2015 – $8,541 million). Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

ii. Private equity investments are generally made directly or through ownership in limited partnership funds. As at March 31, 2016, private equities included direct investments with a fair value of $25,161 million (2015 – $15,124 million). The fair value for investments held directly is primarily determined using earnings multiples of comparable publicly traded companies or discounted cash flows. Recent market transactions, where available, are also used. In the case of investments held through a limited partnership fund, fair value is generally determined based on relevant information reported by the general partner using similar accepted industry valuation methods.

(b) Fixed income

i. Bonds consist of non-marketable and marketable bonds.

The non-marketable bonds issued by the provinces prior to 1998 have rollover provisions attached to them. In lieu of exercising its statutory rollover right, agreements between CPPIB and the provinces permit each province to repay the bond and concurrently cause CPPIB to purchase a replacement bond or bonds in a total principal amount not exceeding the principal amount of the maturing security for a term of not less than five years and not more than 30 years, at the prevailing yield existing at the time for that province. Such replacement bonds contain rollover provisions that permit the issuer, at its option, to roll over the bond for successive terms of not less than five years and subject in all cases to the maximum 30 years outside the maturity date. The replacement bonds are also redeemable before maturity at the option of the issuers. Fair value for non-marketable Canadian provincial government bonds is calculated using discounted cash flows. In the case of marketable bonds, including bond short positions, fair value is based on quoted prices or calculated using discounted cash flows.

ii. Other debt consists of investments in direct private debt, asset-backed securities, intellectual property, royalties, distressed mortgage funds, private debt funds and hedge funds. Fair value for direct investments in private debt and asset-backed securities is based on quoted market prices or broker quotes or recent market transactions, if available. Where the market price is not available, fair value is calculated using discounted cash flows.

iii. Money market securities consist of cash, term deposits, treasury bills, commercial paper and floating rate notes. Fair value is determined using cost, which, together with accrued interest income, approximates fair value due to the short-term or floating rate nature of these securities.

(c) Absolute return strategies

Absolute return strategies consist of investments in hedge funds and internally managed portfolios whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds and the internally managed portfolios could include, but are not limited to, equities, fixed income securities and derivatives. Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

(d) Real assets

i. The CPPIB obtains exposure to real estate through direct investments in privately held real estate and real estate funds.

Private real estate investments are managed on behalf of the CPPIB by investment managers primarily through co-ownership arrangements. As at March 31, 2016, real estate investments include assets of $35,857 million (2015 – $29,656 million).

ii. Infrastructure investments are generally made directly. As at March 31, 2016, infrastructure includes direct investments with a fair value of $20,335 million (2015 – $14,956 million) and $38 million in fund investments (2015 – $57 million).

Fair value for private real estate investments and infrastructure investments is primarily determined using discounted cash flows. Fair value for real estate funds and infrastructure funds are generally based on the net asset value as reported by the external managers of the funds.

(e) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Reverse repurchase and repurchase agreements are carried at the amounts at which the securities were initially acquired or sold, which, together with accrued interest income or expense, approximates fair value due to the short-term nature of these securities.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

The terms to maturity of the securities purchased under reverse repurchase agreements, as at March 31, 2016, are as follows: within 1 year, $12,199 million (2015 – $10,817 million), and 1 year to over 10 years, $nil (2015 – $nil).

The terms to maturity of the undiscounted value of the securities sold under repurchase agreements, as at March 31, 2016, are as follows: within 1 year, $19,919 million (2015 – $15,780 million), and 1 year to over 10 years, $nil (2015 – $nil).

(f) Derivative contracts

A derivative contract is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges or negotiated in over-the-counter markets. The CPPIB uses different types of derivative instruments, which include futures and forwards, swaps, options and warrants.

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts. They are not recorded as assets or liabilities on the consolidated statement of financial position. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from a derivative contract.

The fair value of these contracts is reported as derivative receivables and derivative liabilities on the schedule of investments as shown above. Fair value for exchange-traded derivatives, which includes futures, options and warrants, is based on quoted market prices. Fair value for over-the-counter derivatives, which includes swaps, options, forward contracts and warrants, is determined based on valuation techniques such as option pricing models, discounted cash flows and consensus pricing from independent brokers and/or third-party vendors.

The CPPIB uses derivatives to generate value-added investment returns and to manage or adjust exposures to interest rate, currency, credit and other market risks without directly purchasing or selling the underlying instrument.

(g) Securities sold short

As at March 31, 2016, securities sold short of $27,371 million (2015 – $22,385 million) are considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.

(h) Debt financing liabilities

Debt financing liabilities consist of commercial paper payable and term debt. Commercial paper payable is recorded at the amount originally issued, which, together with accrued interest expense, approximate fair value due to the short-term nature of these liabilities. Fair value for term debt is based on quoted market prices.

The terms to maturity of the undiscounted value of the commercial paper payable as at March 31, 2016, are as follows: within 1 year, $13,425 million (2015 – $9,959 million), and 1 year to over 10 years, $nil (2015 – $nil). The terms to maturity of the undiscounted value of the term debt as at March 31, 2016, are as follows: within 1 year, $nil (2015 – $nil), 1 year to 5 years, $2,149 million (2015 – $nil), and 6 years to over 10 years, $nil (2015 – $nil).

7. Collateral

Collateral transactions are conducted to support CPPIB's investment activities under the terms and conditions that are common and customary to collateral arrangements. The net fair value of collateral held and pledged as at March 31 are as follows:

(in millions of dollars)

	2016	2015
Assets held as collateral on:		
Reverse repurchase agreements[1]	10,289	10,812
Over-the-counter derivative transactions[1]	1,653	33
Other debt[1]	887	1,195
Assets pledged as collateral on:		
Repurchase agreements	(18,858)	(15,792)
Securities sold short	(23,508)	(14,938)
Over-the-counter derivative transactions	(50)	(266)
Debt on private real estate properties	(3,624)	(3,266)
	(33,211)	(22,222)

[1] The fair value of the collateral held that may be sold or repledged as at March 31, 2016 is $12,302 million (2015 – $12,009 million). The fair value of collateral sold or repledged as at March 31, 2016 is $7,900 million (2015 – $10,368 million).

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

8. Payables and accrued liabilities

Payables and accrued liabilities are comprised of the following:

(in millions of dollars)

	2016	2015
Operating expenses	669	566
Pensions and benefits payable	306	372
Tax deductions on benefits due to the Canada Revenue Agency	183	168
	1,158	1,106

9. Comparison of results against budget

The budget amounts included in the consolidated statement of operations and the consolidated statement of change in financial assets available for benefit payments are derived from the amounts that were originally budgeted in the Employment and Social Development Canada *2015–2016 Report on Plans and Priorities*, tabled in Parliament in March 2015 and amounts forecasted by the Office of the Superintendent of Financial Institutions.

10. Net investment income (loss)

Net investment income (loss) is reported net of transaction costs and investment management fees, and is grouped by asset class based on the risk/return characteristics of the investment strategies of the underlying portfolios.

Net investment income (loss), for the year ended March 31, is as follows:

(in millions of dollars)

	2016					
	Investment income (loss)[1]	Net gain (loss) on investments[2,3,4]	Total investment income (loss)	Investment management fees[6]	Transaction costs	Net investment income (loss)
Equities						
Canada	(10)	(1,133)	(1,143)	(7)	(36)	(1,186)
Foreign developed markets	1,886	908	2,794	(445)	(203)	2,146
Emerging markets	230	(168)	62	(217)	(9)	(164)
	2,106	(393)	1,713	(669)	(248)	796
Fixed income						
Bonds and money market securities[5]	2,145	776	2,921	(419)	(75)	2,427
Other debt	1,168	85	1,253	(110)	(20)	1,123
	3,313	861	4,174	(529)	(95)	3,550
Real assets						
Real estate	1,365	2,758	4,123	(131)	(48)	3,944
Infrastructure	776	988	1,764	(1)	(46)	1,717
	2,141	3,746	5,887	(132)	(94)	5,661
Interest on operating balance	2		2	–	–	2
	7,562	4,214	11,776	(1,330)	(437)	10,009

The notes are on the following page.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

(in millions of dollars)

	2015					
	Investment income[1]	Net gain on investments[2,3,4]	Total investment income	Investment management fees[6]	Transaction costs	Net investment income
Equities						
Canada	17	1,753	1,770	(12)	(12)	1,746
Foreign developed markets	1,693	19,266	20,959	(448)	(41)	20,470
Emerging markets	266	3,339	3,605	(121)	(7)	3,477
	1,976	24,358	26,334	(581)	(60)	25,693
Fixed income						
Bonds and money market securities[5]	2,096	5,839	7,935	(467)	(62)	7,406
Other debt	909	1,801	2,710	(114)	(9)	2,587
	3,005	7,640	10,645	(581)	(71)	9,993
Real assets						
Real estate	1,261	2,521	3,782	(90)	(97)	3,595
Infrastructure	721	1,486	2,207	(2)	(45)	2,160
	1,982	4,007	5,989	(92)	(142)	5,755
Interest on operating balance	3	–	3		–	3
	6,966	36,005	42,971	(1,254)	(273)	41,444

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[1] Includes interest income, dividends, private real estate operating income (net of interest expense), interest expense on the debt financing liabilities and other investment-related income and expenses.

[2] Includes realized gains and losses from investments, and unrealized gains and losses on investments held at the end of the year.

[3] Includes foreign exchange gains of $5,200 million (2015 – gains of $7,800 million).

[4] Includes net unrealized gains of $1,484 million (2015 – $9,197 million) which represents the change in fair value on those investments where the fair value is derived primarily from assumptions based on non-observable market data and still held at the end of the year.

[5] Includes debt financing liabilities and absolute return strategies, which consist of investments in funds and internally managed portfolios.

[6] Includes hedge fund performance fees of $395 million (2015 – $482 million).

11. Estimated overpayments and underpayments of benefits

In order to measure the accuracy of CPP benefit payments, the CPP relies on a quality program (the CPP Payment Accuracy Review) which estimates, through statistical extrapolation, the most likely value of incorrect benefit payments.

For benefits paid during the 12 months ended March 31, 2016, undetected overpayments and underpayments are estimated to be $0.2 million and $24.8 million respectively ($18.4 million and $30.4 million in 2014–2015). These estimates are used by the CPP to assess the quality and accuracy of decisions and to continuously improve its systems and practices for processing CPP benefits.

The actual overpayments established during the year, as indicated in Note 4, were recorded as accounts receivable for recovery and are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period as these are an evaluation of potential overpayments and underpayments based on the extrapolation described above.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

12. Operating expenses

CPP's operating expenses are composed of costs incurred by various Government of Canada (GoC) departments (refer to Note 17) for the administration of the CPP's activities as well as the CPPIB's operating expenses.

(in millions of dollars)

	2016			2015		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Personnel related costs, including the Health Insurance Plan	246	594	840	255	558	813
Collection of contributions and investigation services	175	—	175	173	—	173
Operational business services	—	104	104	—	89	89
Program policy and delivery, accommodation and corporate services	92	—	92	88	—	88
Professional and consulting fees	—	51	51	—	61	61
Premises	—	39	39	—	28	28
Amortization of premises and equipment	—	30	30	—	25	25
Support services of the Social Security Tribunal	17	—	17	7	—	7
Cheque issue and computer services	6	—	6	9	—	9
Others	2	58	60	2	42	44
	538	876	1,414	534	803	1,337

13. Financial sustainability of the Canada Pension Plan

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP, and self-employed workers pay the full amount. At the time of the Plan's inception in 1965, the demographic and economic conditions made pay-as-you-go financing appropriate. The pay-as-you-go financing, along with a small reserve equivalent to about two years' worth of expenditures, meant the pensions and benefits for one generation would be paid largely from the contributions of later generations. However, changing demographics and economic conditions over time led to increasing CPP costs, and by the mid-1990s the fall in the level of assets of the CPP resulted in a portion of the reserve being required to cover expenditures. Therefore, for the CPP to remain unchanged, the contribution rate would have needed to be increased regularly.

As a result, the CPP was amended in 1997 to restore its long-term financial sustainability and to improve fairness across generations by changing its financing approach from a pay-as-you-go basis to a form of partial funding called steady-state funding, along with incremental full funding rules for new or enhanced benefits, and reducing the growth of benefits over the long term. In addition, a new investment policy was put in place, along with the creation of the CPPIB. Moreover, the statutory periodic reviews of the Plan by the federal and provincial financial ministers were increased from once every five years to every three years.

Key among the 1997 changes was the introduction of self-sustaining provisions to safeguard the Plan: in the event that the projected minimum contribution rate is greater than the legislated contribution rate and no recommendations are made by the Finance Ministers to correct the situation, the contribution rate would automatically increase and the indexation of the current benefits would be suspended.

The federal, provincial and territorial finance ministers took additional steps in 1999 to strengthen the transparency and accountability of actuarial reporting on the CPP by endorsing regular independent peer reviews of actuarial reports and consultations by the Chief Actuary with experts on the assumptions to be used in the actuarial reports.

The most recent triennial report, the *Twenty-sixth Actuarial Report on the Canada Pension Plan* as at December 31, 2012, was tabled in Parliament on December 3, 2013. The next triennial actuarial report as at December 31, 2015, is expected to be tabled by December 2016. According to the *Twenty-sixth Actuarial Report*, under the current legislated contribution rate of 9.9 per cent, the Plan's assets are expected to increase significantly, with the asset/expenditure ratio growing from 4.7 in 2013 to about 5.4 by 2025 and to 5.9 by 2075 assuming all assumptions are realized.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

A number of assumptions were used in the *Twenty-sixth Actuarial Report* to project the CPP's revenues and expenditures over the long projection period of 75 years, and to determine the minimum contribution rate. The assumptions provided in the table below represent the best estimates according to the Chief Actuary's professional judgment relating to demographic, economic, and other factors; and have been peer reviewed by an independent expert actuary's panel.

	As at December 31, 2012[1]		As at December 31, 2009[1]	
	Males	Females	Males	Females
Canadian life expectancy				
at birth in 2013 (2009 – in 2010)	86.1 years	89.1 years	85.4 years	88.3 years
at age 65 in 2013 (2009 – in 2010)	20.9 years	23.3 years	20.2 years	22.6 years
Retirement rates for cohort at age 60	34% (2016+)	38% (2016+)	38% (2016+)	41% (2016+)
CPP disability incidence rates (per 1,000 eligible)	3.30 (2017+)	3.75 (2017+)	3.40 (2015+)[2]	3.79 (2015+)[2]
Total fertility rate	1.65 (2015+)		1.65 (2015+)	
Net migration rate	0.60% of population for 2017+		0.58% of population for 2023+	
Participation rate (age group 15-69)	76.8% (2030)		75.2% (2030)	
Employment rate (age group 15-69)	72.1% (2030)		70.6% (2030)	
Unemployment rate	6.0% (2023+)		6.1% (2022+)	
Rate of increase in prices	2.2% (2021+)		2.3% (2019+)	
Real-wage increase	1.2% (2020+)		1.3% (2019+)	
Real rate of return	4.0% (2019+)		4.0% (2017+)[3]	

[1] Assumptions are expected to gradually converge to their ultimate value. Years in the brackets indicate when the ultimate assumptions value is expected to be reached.

[2] The ultimate disability incidence rates assumption of the *25th CPP Actuarial Report* has been adjusted based on the 2012 eligible population in order to compare with the assumption for this *26th CPP Actuarial Report* on the same basis.

[3] For the *26th CPP Actuarial Report*, the real rate of return assumption is net of all investment expenses, including CPPIB operating expenses. On a comparable basis, the ultimate real rate of return assumption of the *25th CPP Actuarial Report* would be restated as 3.9 per cent to reflect this improvement in the methodology.

In the *Twenty-sixth Actuarial Report*, the minimum contribution rate, which is the lowest rate to sustain the CPP, was determined to be 9.84 per cent of contributory earnings for the year 2016 and thereafter (9.86 per cent before 2023 and 9.85 per cent for the year 2023 and thereafter in the *Twenty-fifth Actuarial Report*).

The CPP assets available for benefit payments represent the funds accumulated for the payment of pensions, benefits, and operating expenses, i.e. total CPP expenditures. The partial funding nature of the CPP means that contributions as opposed to these assets are the main source for financing CPP expenditures. The *Twenty-sixth Actuarial Report* confirms that, on the basis of the assumptions selected, the current legislated combined employer-employee contribution rate of 9.9 per cent is and will continue to be sufficient to pay for future expenditures over the period 2013 to 2022. Thereafter, a portion of investment income (27 per cent in 2050) will be required to make up the difference between contributions and expenditures. Under the current legislated contribution rate of 9.9 per cent and the average expected nominal return on assets of 5.26 per cent, total assets available for benefit payments are expected to grow to $300 billion by the end of 2020.

As at March 31, 2016, the value of CPP assets available for benefit payments is $283.6 billion (2015 – $269.6 billion). This amount represents approximately 6.3 times the 2017 planned expenditures of $45.2 billion (2015 – 6.3 times the 2016 planned expenditures of $42.9 billion).

A variety of tests were performed to measure the sensitivity of the long-term projected financial position of the CPP to future changes in the demographic and economic environments. Key best-estimate demographic and economic assumptions were varied individually to measure the potential impact on the financial status of the CPP.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

The low-cost and high-cost alternatives for the three most sensitive assumptions are shown in the table below. In the case of mortality, the assumptions for the low-cost and high-cost alternatives were developed using a combination of confidence intervals and different long-term trajectories. In the case of real wage increase and real rate of return, these assumptions are defined as the upper and lower boundaries of the 80 per cent confidence intervals.

	Low-cost		Best-estimate		High-cost	
Mortality:						
Canadian life expectancy at age 65 in 2050	Males	20.7	Males	23.0	Males	25.6
with future improvements	Females	22.9	Females	25.3	Females	27.7
Real wage increase	1.9%		1.2%		0.4%	
Real rate of return	5.5%		4.0%		2.5%	

Mortality is the most sensitive demographic assumption as it impacts the length of the benefit payment period. If male and female life expectancies at age 65 were to increase by approximately 2.5 years more than expected by 2050, the minimum contribution rate in 2016 and thereafter would increase to 10.22 per cent, well above the legislated rate of 9.9 per cent. On the other hand, if male and female life expectancies at age 65 were to be about 2.5 years lower than expected, the minimum contribution rate would decrease to 9.46 per cent.

The most sensitive economic assumptions are the real wage increase and the real rate of return on investments. The growth in real wage directly impacts the amount of future CPP contributions. If an ultimate real wage increase of 1.9 per cent is assumed for 2020 and thereafter, the minimum contribution rate would decrease to 9.26 per cent. However, if an ultimate real wage increase of 0.4 per cent is assumed for 2014 and thereafter, the minimum contribution rate would increase to 10.51 per cent.

Real rates of return can fluctuate greatly from year to year and can have a significant impact on the size of assets and on the ratio of assets to the following year expenditures. If a real rate of return of 5.5 per cent is assumed for 2019 and thereafter, the minimum contribution rate will decrease to 8.97 per cent. However, if the real rate of return is assumed to be 2.5 per cent for 2019 and thereafter, the minimum contribution rate increases to 10.73 per cent.

The table below summarizes the results of the sensitivity of the minimum contribution rate and the ratio of the assets to the next year expenditures under the legislated 9.9 per cent contribution rate to the changes in mortality, real wage increase and real rate of return on investments assumptions:

Assumption	Scenario	Minimum contribution rate[1] (per cent)	Ratio of assets to expenditures under 9.9 per cent contribution rate		
			2025	2050	2087
Mortality	Best estimate	9.84	5.35	6.02	5.70
	Low cost	9.46	5.54	7.45	11.64
	High cost	10.22	5.15	4.67	0.50
Real wage increases	Low cost	9.26	5.56	8.07	12.09
	High cost	10.51	5.09	3.40	[2]
Real rate of return on investments	Low cost	8.97	6.31	11.23	30.49
	High cost	10.73	4.54	2.98	[3]

[1] The minimum contribution rate in this table refers to the rate applicable for 2016 and thereafter.

[2] Assets depleted by 2069.

[3] Assets depleted by 2076.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

14. Actuarial obligation in respect of benefits

The *Twenty-sixth Actuarial Report* on the CPP measures the actuarial obligation under an open group approach, which is consistent with the partial funding nature of the CPP financing, and provides information under a closed group approach, in a footnote. With the current legislated combined contribution rate of 9.9 per cent, the table below presents the asset excess (shortfall) and the assets to actuarial obligation ratio under open and closed group approaches at valuation dates of the current and previous actuarial reports:

(in billions of dollars)

	As at 31 December 2012		As at 31 December 2009	
	Open group	Closed group	Open group	Closed group
Actuarial obligation	2,254.7	1,004.9	1,995.0	874.8
Assets available for benefit payments	2,245.8	175.1	1,988.1	126.8
Asset shortfall[1]	(8.9)	(829.8)	(6.9)	(748.0)
Assets to actuarial obligation ratio	99.6%	17.4%	99.7%	14.5%

[1] The determination of the asset shortfall is based on the projections of the CPP's revenues and expenditures projected over the period of 150 years. There will be no asset shortfall, using the open group approach, if the projection period slightly shorter than 150 years is used.

The open group approach takes into consideration all current and future participants of the CPP, including their future contributions and associated benefits, to determine whether current assets and future contributions will be sufficient to pay for all future expenditures. The closed group includes only current participants of the CPP, with no new entrants permitted and no new benefits accrued. The choice of the methodology used to produce a social security system's balance sheet is mainly determined by the system's financing approach.

Under the partial funding financing approach of the CPP, in any given year, current contributors allow the use of their contributions to pay current beneficiaries' benefits. This financial arrangement creates claims for current and past contributors to contributions of future contributors. As such, the most appropriate assessment of the financial sustainability of partially funded plans by means of their balance sheets should reflect these claims.

The open group approach does account explicitly for these claims by considering the benefits and contributions of both the current and future plan participants. In comparison, the closed group approach does not reflect these claims, since only current participants are considered. To determine the CPP actuarial obligations under the open group approach, the projections of the CPP's revenues and expenditures were projected over the period of 150 years using the assumptions of the *Twenty-sixth Actuarial Report* shown in Note 13. The projection period longer than 75 years used to calculate the minimum contribution rate is necessary to ensure that the future expenditures for cohorts that will enter the labour force during that time are included in the liabilities. It is noted that if a projection period slightly shorter than 150 years is used, there will be no asset shortfall.

The CPP was never intended to be a fully-funded plan and the financial sustainability of the CPP is not assessed based on its actuarial obligation in respect of benefits. According to the *Twenty-sixth Actuarial Report*, the CPP is intended to be long-term and enduring in nature, a fact that is reinforced by the federal, provincial, and territorial governments' joint stewardship through the established strong governance and accountability framework of the CPP. Therefore, if the CPP's financial sustainability is to be measured based on its asset excess or shortfall, it should be done on an open group basis that reflects the partially funded nature of the CPP, that is, its reliance on both future contributions and invested assets as a means of financing its future expenditures. Using the open group approach, the Chief Actuary confirms that the CPP, on the basis of the assumptions selected, will continue to meet its financial obligations and is sustainable in the long term.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

15. Contractual obligations

The CPP, through the CPPIB, has committed to enter into contractual obligations related to the funding of investments. These contractual obligations are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2016, the contractual obligations totalled $34.7 billion (2015 – $30.7 billion).

As at March 31, 2016, the CPP, through the CPPIB, has made lease and other contractual obligations, which will require future annual payments as follows:

(in millions of dollars)

	2016	2015
Within one year	34	36
After one year but not more than five years	115	114
More than five years	67	40
	216	190

16. Contingent liabilities

(a) Appeals relating to the payment of pensions and benefits

At March 31, 2016, there were 7,619 appeals (2015 – 14,007) relating to the payment of CPP disability benefits. These contingencies are reasonably estimated, using historical information, at an amount of $60.5 million (2015 – $164.4 million), which was recorded as an accrued liability in the CPP 2015–2016 consolidated financial statements.

(b) Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings. The total amount claimed in these actions and their outcomes are not determinable at this time. The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate of the loss can be made. No such allowance was recognized in the financial statements for the 2015–2016 and 2014–2015 fiscal years for these claims and legal proceedings.

(c) Guarantees

As part of certain investment transactions, the CPP, through the CPPIB, agreed to guarantee, as at March 31, 2016, up to $2.5 billion (2015 – $1.9 billion) to other counterparties in the event certain investee entities default under the terms of loan and other related agreements.

(d) Indemnifications

The CPPIB provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. The CPPIB may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws, regulations and litigation claims. The contingent nature of these indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any claims nor made any payments pursuant to such indemnifications.

Canada Pension Plan—*continued*

Notes to consolidated financial statements for the year ended March 31, 2016—*continued*

17. Related party transactions

As stated in Note 4, the CPP has $4,945 million (2015 – $5,114 million) of contributions receivable from the Canada Revenue Agency.

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding.

Transactions for the year are comprised of the following:

(in millions of dollars)

	2016	2015
Employment and Social Development Canada		
Personnel related costs	229	238
Program policy and delivery, accomodation and corporate services	92	88
Canada Revenue Agency		
Collection of contributions and investigation services	175	173
Treasury Board Secretariat		
Health Insurance Plan	17	17
Administrative Tribunals Support Service Canada		
Support services of the Social Security Tribunal	17	7
Public Services and Procurement Canada		
Cheque issue and computer services	6	9
Office of the Superintendent of Financial Institutions and Department of Finance		
Actuarial services	2	2
	538	534

18. Supplementary information

The administration of the CPP's assets and activities is shared between various Government of Canada (GoC) departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the GoC through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contributions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

	2016			2015		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Financial assets	5,128	348,013	353,141	5,537	321,448	326,985
Non-financial assets	–	402	402	–	370	370
Liabilities	494	69,474	69,968	545	57,195	57,740
Assets available for benefit payments	4,634	278,941	283,575	4,992	264,623	269,615
Income						
Contributions	46,119	–	46,119	45,046	–	45,046
Investment income	2	10,007	10,009	3	41,441	41,444
	46,121	10,007	56,128	45,049	41,441	86,490
Expenses						
Pensions and benefits	40,754	–	40,754	38,747	–	38,747
Operating expenses	538	876	1,414	534	803	1,337
	41,292	876	42,168	39,281	803	40,084
Net increase in assets available for benefit payments	4,829	9,131	13,960	5,768	40,638	46,406

Canada Pension Plan—*concluded*

Notes to consolidated financial statements for the year ended March 31, 2016—*concluded*

Pursuant to Section 108.1 of the *Canada Pension Plan* and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

In September 2004, the CPPIB assumed responsibility for providing cash management services to the CPP, including periodic return, on at least a monthly basis, of funds required to meet CPP pensions, benefits and operating expenses obligations.

During the year ended March 31, 2016, a total of $38 billion (2015 – $36 billion) was transferred to the CPPIB and a total of $33 billion (2015 – $31 billion) was returned to the CPP to meet its liquidity requirements.

Activities during the year

(in millions of dollars)

	2016	2015
Canada Pension Plan Investment Board		
Accumulated transfers to CPPIB, beginning of year	377,685	341,662
Transfers of funds to CPPIB	38,406	36,023
Accumulated transfers to CPPIB, end of year	416,091	377,685
Accumulated transfers from CPPIB, beginning of year	(249,367)	(218,237)
Transfers of funds from CPPIB	(33,219)	(31,130)
Accumulated transfers from CPPIB, end of year	(282,586)	(249,367)
Net accumulated transfers to CPPIB	133,505	128,318

19. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Government Annuities Account

Management's responsibility for financial statements

The financial statements of the Government Annuities Account are prepared in accordance with Canadian accounting standards for pension plans by the management of Employment and Social Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgment. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Gatineau, Canada
September 1, 2016

Government Annuities Account—*continued*

Report of the Actuary

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, has the mandate of performing the annual actuarial valuation of the Government Annuities Account (the "Account") as at 31 March 2016. The purpose of this valuation is to determine the actuarial liabilities and financial position of the Account as at 31 March 2016. The results of the valuation are included in the *Public Accounts of Canada* as well as in the Account's financial statements.

As at 31 March 2016, the actuarial liabilities presented in the *Public Accounts of Canada* and used to determine the amount charged to the Account and credited to the Consolidated Revenue Fund, are based on prescribed mortality rates. In addition, the actuarial liabilities presented in the statement of financial position, statement of changes in net assets available for benefits, and statement of changes in pension obligations of the Account's financial statements, are based on best estimate experience-adjusted mortality rates.

The valuation of the Account's actuarial liabilities and financial position is therefore based on:

- membership data as at 31 March 2016 provided by Employment and Social Development Canada (ESDC) and Service Canada;
- asset data provided by ESDC;
- a seven per cent annual interest rate as prescribed by the *Government Annuities Regulations*;
- for purposes of the *Public Accounts of Canada*, mortality rates as prescribed by the *Government Annuities Regulations*, that is, the Annuity Table for 1983, for individual and group annuities, as modified by Projection Scale G published by the Society of Actuaries; and
- for purposes of the Account's financial statements, best estimate experience-adjusted mortality rates.

The Account's assets are notional and in the form of a deposit with the Receiver General for Canada. Therefore, actuarial liabilities equal the present value of future payments discounted at the prescribed interest rate. Since administrative expenses are paid by the government out of general funds, no provision for expenses is made in the valuation. This valuation contains no added margins for adverse deviation.

In our opinion, considering that the valuation is prepared pursuant to the *Government Annuities Act* and the *Government Annuities Improvement Act*:

- the data on which our valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions used for purposes of the *Public Accounts of Canada* comply with legislative;
- the mortality assumption used for purposes of the Accounts financial statements is reasonable and appropriate; all other assumptions comply with legislative requirements;
- the methodology employed is appropriate and consistent with sound actuarial principles; and
- the actuarial valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. As at 1 September 2016, there are no subsequent events of which we are aware that would have an impact on the valuation. The next valuation will be performed as at 31 March 2017.

Michel Millette
Senior Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Myriam Demers
Actuarial Officer
Associate of the Society of Actuaries
Office of the Chief Actuary

Assia Billig
Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada
Ottawa, Canada
1 September 2016

Government Annuities Account—*continued*

Independent Auditor's Report

To the Minister of Families, Children and Social Development

Report on the financial statements

I have audited the accompanying financial statements of the Government Annuities Account, which comprise the statement of financial position as at 31 March 2016, and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Annuities Account as at 31 March 2016, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on other legal and regulatory requirements

In my opinion, the transactions of the Government Annuities Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Improvement Act*, and the *Government Annuities Act* and regulations.

Heather McManaman, CPA, CA
Principal
for the Auditor General of Canada

1 September 2016
Halifax, Canada

Government Annuities Account—*continued*

Statement of financial position as at March 31

(in thousands of Canadian dollars)

	2016	2015
Net assets available for benefits		
Accounts receivable	59	120
Pension obligations		
Actuarial present value of accrued benefits (Note 3)	126,484	141,435
Deficit to be financed by the Government of Canada (Note 4)	**126,425**	**141,315**

The accompanying notes are an integral part of these financial statements.

Approved by:

Louise Levonian
Deputy Minister
Employment and Social Development Canada

Alain P. Séguin, MBA, CPA, CGA
Chief Financial Officer
Employment and Social Development Canada

Statement of changes in net assets available for benefits for the year ended March 31

(in thousands of Canadian dollars)

	2016	2015
Paid by the Government of Canada		
Premiums (Note 4)	(5)	(28)
Annuity payments (Note 4)	23,493	25,872
Premium refunds and other (Note 4)	107	89
	23,595	25,933
Amount paid through the Consolidated Revenue Fund	(23,595)	(25,933)
Administrative expenses		
Services received without charge (Note 2 (c) and Note 5)	1,802	1,940
Services contributed by Employment and Social Development Canada (Note 2 (c) and Note 5)	(1,802)	(1,940)
Change in accounts receivable and increase (decrease) in net assets	**(61)**	**9**
Net assets available for benefits at beginning of year	120	111
Net assets available for benefits at end of year	**59**	**120**

The accompanying notes are an integral part of these financial statements.

Statement of changes in pension obligations for the year ended March 31

(in thousands of Canadian dollars)

	2016	2015
Actuarial present value of accrued benefits at beginning of year	**(141,435)**	**(166,138)**
Interest and other income	(9,143)	(10,956)
Benefits paid	23,661	25,952
Experience gains (Note 3)	433	9,707
Actuarial present value of accrued benefits at end of year (Note 3)	**(126,484)**	**(141,435)**

The accompanying notes are an integral part of these financial statements.

Government Annuities Account—*continued*

Notes to the financial statements for the year ended March 31, 2016

1. Authority, objective and responsibilities

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Employment and Social Development Canada (ESDC) and operates through the Consolidated Revenue Fund.

2. Significant accounting policies

(a) Basis of presentation

The financial statements of the Account are prepared in accordance with Canadian accounting standards for pension plans (Section 4600) on a going concern basis. They are prepared in Canadian dollars, the Account's functional currency. This section requires pension plans of publicly accountable enterprises to comply on a consistent basis with International Financial Reporting Standards (IFRS) to the extent that those standards do not conflict with the requirements of Section 4600, which take precedence.

The financial statements for the year ended March 31, 2016 were authorized for issue by the signatories on September 1, 2016.

(b) Actuarial present value of accrued benefits

The method utilized to calculate the actuarial present value of accrued benefits comprises, in respect of deferred and matured annuities, the present value of such annuities actuarially determined on the basis of prescribed interest rates and best estimate experience-adjusted mortality tables.

(c) Service received without charge

Administrative services received without charge from ESDC are recorded in the statement of changes in net assets available for benefits at their estimated cost. A corresponding amount is credited directly to the statement of changes in net assets available for benefits.

(d) Measurement uncertainty

The preparation of these financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amount of assets, actuarial present value of accrued benefits, and income at the date of the financial statements. The actuarial present value of accrued benefits depends on factors that are determined on an actuarial basis using assumptions such as mortality rates. Any changes in these assumptions will impact the carrying amount of the actuarial present value of accrued benefits. The carrying amount of the actuarial present value of accrued benefits as at the end of the reporting fiscal years is included in Note 3. Actual results may differ significantly from the estimates and assumptions; therefore it is possible that the amounts for the actuarial present value of accrued benefits and related accounts could change materially in the near term. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Government Annuities Account—*continued*

Notes to the financial statements for the year ended March 31, 2016 *continued*

3. Actuarial present value of accrued benefits

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, performs the annual actuarial valuation of the Government Annuities Account as at March 31.

As per the *Government Annuities Improvement Act* and *Government Annuities Regulations*, expected future payments are to be discounted using an annual interest rate of seven per cent. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. Based on these Act and Regulations, the balance of the Government Annuities Account as presented in Table 6.1 of Volume I of the *Public Accounts of Canada 2016* is $133.8 million ($149.6 million in 2014–2015).

As per a mortality experience study performed by the Office of the Chief Actuary, the actuarial present value of accrued benefits as at March 31, 2016, estimated using experience-adjusted mortality rates, would be $126.5 million ($141.4 million in 2014–2015). This amount is $7.3 million lower than what would be the actuarial present value of accrued benefits estimated using the mortality tables prescribed by regulations ($8.2 million in 2014–2015).

As per Canadian accounting standards for pension plans, the financial statements of the Account need to present management's best estimate of the actuarial present value of accrued benefits. Management determined that the amount of $126.5 million represents its best estimate of the pension obligations. As a result, the mortality assumption used in the calculation of the actuarial present value of the accrued benefits reflects the experience-adjusted mortality rates.

Consequently, the amount of the pension obligation presented in the Account's financial statements differs from the balance of the Account in the *Public Accounts of Canada 2016*.

(in thousands of Canadian dollars)

	2016	2015
Actuarial present value of accrued benefits is comprised of:		
Deferred annuities	5,004	7,019
Mature annuities	121,480	134,416
	126,484	141,435

The average age of annuitants was estimated to be 84.2 years and the remaining life of the Account was estimated at 43 years as at March 31, 2016.

The next actuarial valuation will be performed as at March 31, 2017.

4. Deficit to be financed by the Government of Canada

The *Government Annuities Act* provided authority for the Government of Canada to sell annuities to the Canadian Public. The Government of Canada has entered into individual annuity contracts with a promise to pay the annuities and is required under the Act to keep an account, the Government Annuities Account, in the Consolidated Revenue Fund to record all transactions related to these annuities. These transactions include all moneys received and paid, the assets and liabilities relating to the granting of an annuity, unclaimed and reclaimed annuities and the liability representing the present value of prospective annuities contracted. It also includes the accrual of interest earned.

(in thousands of Canadian dollars)

	2016	2015
Liability of the Government of Canada at beginning of year	**141,315**	**166,027**
Accrued interest	9,006	10,651
Premiums	5	28
Reclaimed annuities	206	310
Annuity payments	(23,493)	(25,872)
Premium refunds and other	(107)	(89)
Unclaimed annuities	(74)	(33)
Actuarial surplus	(433)	(1,544)
Change in mortality assumption		(8,163)
	(14,890)	(24,712)
Liability of the Government of Canada at end of year	**126,425**	**141,315**

Government Annuities Account—*concluded*

Notes to the financial statements for the year ended March 31, 2016—*concluded*

Accrued interest

Interest is recorded on an accrual basis and is calculated on the actuarial present value of accrued benefits as prescribed by the *Government Annuities Improvement Act* and the *Government Annuities Regulations*.

Premiums

Premiums are deposited in the Consolidated Revenue Fund. This deposit earns interest at a rate of seven per cent in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Regulations*. Due to the short-term nature, the carrying value of the deposit with the Receiver General for Canada approximates its fair value.

Reclaimed annuities

Reclaimed annuities represent previously unclaimed amounts of annuitants that could not be located. If the annuitants are subsequently located, the actuarial present value of these annuities is paid.

Unclaimed annuities

Unclaimed annuities represent amounts of annuities that could not be paid because the annuitants could not be located.

Actuarial surplus/deficit

At the end of any fiscal year, the amount of the actuarial present value of accrued benefits may be different than the amount of actuarial liabilities determined by the actuary.

5. Related party transactions

The Account is related to Government departments, agencies and Crown corporations through common control held by the Government of Canada. There were no further significant transactions with related parties other than those described in Note 2(c), Services received without charge. These administrative services include the following:

(in thousands of Canadian dollars)

	2016	2015
Salaries	1,329	1,367
Operating costs	406	516
Actuarial services	67	57
Services received without charge	**1,802**	**1,940**

Royal Canadian Mounted Police (Dependants) Pension Fund

Management responsibility for financial statements

Responsibility for the integrity and fairness of the financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund rests with the management of the Royal Canadian Mounted Police.

The financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund have been prepared in accordance with Canadian accounting standards for pension plans. The financial statements include management's best estimates and judgments where appropriate.

To fulfill its accounting and reporting responsibilities, management has developed and maintained books, records, internal controls and management practices designed to provide reasonable assurance as to the reliability of the financial information and to ensure that transactions are in accordance with the *Royal Canadian Mounted Police Pension Continuation Act* and regulations as well as the *Financial Administration Act* and regulations.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

Bob Paulson
Commissioner

Dennis Watters, CPA, CA, CFE
Acting Chief Financial and Administrative Officer

July 26, 2016

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Independent Auditor's Report

To the Minister of Public Safety and Emergency Preparedness

Report on the financial statements

I have audited the accompanying financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund, which comprise the statement of financial position as at 31 March 2016, and the statement of changes in net assets available for benefits and statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Royal Canadian Mounted Police (Dependants) Pension Fund as at 31 March 2016, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Report on other legal and regulatory requirements

In my opinion, the transactions of the Royal Canadian Mounted Police (Dependants) Pension Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act* and regulations, and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

Margaret Haire, CPA, CA
Principal
for the Auditor General of Canada

26 July 2016
Ottawa, Canada

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Statement of financial position as at March 31

(in Canadian dollars)

	2016	2015
Liabilities		
Pension benefits payable (Note 3)	334,446	395,179
Net assets available for benefits	**(334,446)**	**(395,179)**
Pension obligations (Note 4)	**15,776,250**	**17,710,637**
Deficit to be financed by the Government of Canada (Note 5)	**(16,100,696)**	**(18,105,816)**

The accompanying notes are an integral part of these financial statements.

Approved by:

Bob Paulson
Commissioner

Dennis Watters, CPA, CA, CFE
Acting Chief Financial and Administrative Officer

July 26, 2016

Statement of changes in net assets available for benefits year ended March 31

(in Canadian dollars)

	2016	2015
Net assets available for benefits, beginning of year	**(395,179)**	**(262,912)**
Decrease (Increase) in pension benefits payable	60,733	(132,267)
Net assets available for benefits, end of year	**(334,446)**	**(395,179)**

The accompanying notes are an integral part of these financial statements.

Statement of changes in pension obligations year ended March 31

(in Canadian dollars)

	2016	2015
Pension obligations, beginning of year	**17,710,637**	**19,326,360**
Net interest accrued on benefits	789,099	925,313
Past service contributions from participants	3,060	3,487
Experience gains	(161,176)	(145,307)
Survivor benefit payments	(2,575,370)	(2,399,216)
Pension obligations, end of year	**15,766,250**	**17,710,637**

The accompanying notes are an integral part of these financial statements.

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Notes to the financial statements for the year ended March 31, 2016

1. Description of the Fund

The following is a summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund.

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (the *Act*) (effective 1959) and the related Regulations.

The *Act* provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, the right to purchase certain survivorship benefits for their dependants by payment of specified contributions.

The Royal Canadian Mounted Police (RCMP) is responsible for the management of the Fund and Public Services and Procurement Canada (PSPC) provides the day-to-day administration of the Fund. The Office of the Chief Actuary (OCA) of the Office of the Superintendent of Financial Institutions (OSFI) performs periodic actuarial valuations of the Fund.

All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

The Fund is accounted for using the standards applicable to a defined benefit pension plan as described in Note 2(a).

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The *Act* directs the Minister of Finance to have an actuarial valuation for funding purposes prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re-establish the solvency of the Fund.

(c) Survivor benefit payments

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i. Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5 per cent of the member's final pension benefit payment multiplied by his years of credited service. The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii. Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit.

iii. Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Notes to the financial statements for the year ended March 31, 2016—*continued*

(d) Dividends on survivor benefit payments

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

(e) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

2. Significant accounting policies

(a) Basis of presentation

These financial statements present information on the Fund as a separate financial reporting entity independent of the sponsor and Fund members, on a going concern basis. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the year, but they are not meant to portray the funding requirements of the Fund.

These financial statements are prepared in Canadian dollars, the Fund's functional currency, in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Canada Handbook, Section 4600. Section 4600 provides specific accounting guidance on investments and pension obligations.

For accounting policies that do not relate to either investments or pension obligations, the Fund complies with International Financial Reporting Standards (IFRS) in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

The financial statements for the year ended March 31, 2016 were authorized for issue by the signatories on July 26, 2016.

(b) Significant accounting policies

The significant accounting policies are as follows:

i. Survivor benefit payments

Benefits are recognized on an accrual basis as a reduction of pension obligations and net assets available for benefits upon the death of a member who has made the scheduled contributions and has left them in the Fund or upon the death of a widow.

ii. Pension obligations

The present value of pension obligations is calculated using the projected benefit method prorated on pensionable service, based on management's best estimate assumptions.

iii. Services provided without charge and related party transactions

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

- Financial management and other support services from the RCMP;
- Actuarial valuation and other services from the OCA;
- Office of the Auditor General of Canada audit costs.

Royal Canadian Mounted Police (Dependants) Pension Fund—*continued*

Notes to the financial statements for the year ended March 31, 2016—*continued*

(c) Sources of estimation uncertainty

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported amounts of liabilities and related disclosures.

In making estimates and using assumptions, management relies on external information and observable conditions where possible. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The pension obligations are the most significant item where estimates and assumptions are used. The pension obligations depend on a number of factors that are determined on an actuarial basis using a number of estimates and assumptions, such as discount rates (future interest rates used to credit the Fund), mortality rates, proportion of members married, and age of new widows. The Fund consults with external actuaries from the OCA regarding these estimates and assumptions annually. Any changes will impact the carrying amount of the pension obligations. Details of these estimates and assumptions have been disclosed in Note 4.

3. Pension benefits payable

Pension benefits payable represent the lump sum benefits that became payable upon the death of members or widows during the year but had not yet been approved by the Minister for payment. At March 31, 2016, the pension benefits payable were $334,446 (2015 – $395,179).

4. Pension obligations

The present value of pension obligations is calculated actuarially by the OCA using the projected benefit method prorated on pensionable service and management's best estimate assumptions. Actuarial valuations for funding purposes are to be performed not more than five years apart. The most recent actuarial valuation for funding purposes was conducted as of March 31, 2013 and tabled in Parliament on January 22, 2014. The next actuarial valuation for funding purposes as of March 31, 2016 will be tabled in Parliament in 2017.

The most recent actuarial valuation for funding purposes disclosed an actuarial surplus of $1,343,000. On March 28, 2014, an Order in Council approved that a portion of this surplus be distributed by annual effective increases in the pension amount of 1.2 per cent as at April 1, 2014, 1.2 per cent as at April 1, 2015 and 1.2 per cent as at April 1, 2016 and by increases to lump sum death benefits and residual payments.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. At March 31, 2016, the average age of members was estimated to be 91.5 years and the average age of widows was estimated to be 88.6 years. The remaining life of the Fund was estimated at 31 years based on the statutory actuarial valuation as at March 31, 2013.

An actuarial valuation for accounting purposes is conducted annually by the OCA using the projected benefit method prorated on pensionable service and management's best estimate economic and non-economic assumptions.

The non-economic assumptions include considerations such as mortality rates, proportion of members married, and age of new widows. Mortality rates are based on mortality improvement assumptions made for the *Actuarial Report on the Canada Pension Plan* as at the date of the actuarial valuation for funding purposes. The primary economic assumptions relate to future interest rates used to credit the Fund. The interest rate is based on the rate applicable to a portfolio of notional 20 year Government of Canada bonds as at the date of the actuarial valuation for funding purposes. The assumptions used in the actuarial valuation for funding purposes are evaluated for continued relevancy and the valuation for accounting purposes is adjusted by the actuary for transactions occurring during the period, including experience gains due to changes in the Fund's member and widow population. The information in these financial statements is based on this annual valuation conducted as at March 31, 2016. At that date, the present value of pension obligations was $15,766,250 (2015 – $17,710,637).

The expected interest rate for the year-ended March 31, 2016 is 4.8 per cent per annum. The expected long-term interest rate is estimated to decline to 4.1 per cent per annum by the year 2024 and to rise to an ultimate level of 5.0 per cent. Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

During the year, no amendments were made to the Fund (2015 – nil).

Royal Canadian Mounted Police (Dependants) Pension Fund—*concluded*

Notes to the financial statements for the year ended March 31, 2016—*concluded*

5. Deficit to be financed by the Government of Canada

All transactions of the Fund are made through a specified purpose account in the CRF and are reported in the *Public Accounts of Canada*. This includes receiving contributions, recording interest earned on the Fund and paying survivor benefits.

The government has a statutory obligation to pay benefits relating to the Fund. This pension obligation is to the survivors of the participants who contributed to the Fund over the years. However, if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may increase benefits in order to disburse the surplus to the survivors. As a result, the government has an obligation to the beneficiaries for the balance of the Fund as reported in the specified purpose account. The following table illustrates these obligations as at March 31:

(in Canadian dollars)

	2016	2015
Opening balance, specified purpose account	**19,370,510**	**20,758,261**
Receipts and other credits	877,794	1,011,463
Payments and other charges	(2,575,373)	(2,399,214)
Closing balance, specified purpose account	**17,672,931**	**19,370,510**
Deficit to be financed by the Government of Canada	(16,100,696)	(18,105,816)
Excess owed to beneficiaries	**1,572,235**	**1,264,694**

Section 7

2015–2016

Public Accounts of Canada

Cash and accounts receivable

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Taxes receivable 7.3
Other accounts receivable 7.4

Cash and accounts receivable

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Cash and accounts receivable".

Table 7.1 presents the year-end balances of cash and accounts receivable by category.

Table 7.1
Cash and accounts receivable

(in dollars)

	March 31, 2016	March 31, 2015
Cash and cash equivalents, Table 7.2	38,570,478,125	34,998,841,592
Taxes receivable, Table 7.3	105,847,388,439	98,499,181,484
Other accounts receivable, Table 7.5	10,270,215,970	3,198,298,866
Total cash and accounts receivable	154,688,082,534	136,696,321,942

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit at March 31. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash with the Bank of Canada includes operational balances and balances held for the Prudential Liquidity Fund. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

Table 7.2
Cash and cash equivalents

(in dollars)

	March 31, 2016	March 31, 2015
Cash in bank		
Canadian currency[1]	22,454,849,973	21,463,464,272
Foreign currencies[2]	2,548,439,002	283,189,353
Special deposits[3]	50,000,000	50,000,000
Total cash in bank	25,053,288,975	21,796,653,625
Cash in transit		
Cash in hands of collectors and in transit	10,911,316,514	10,437,353,804
Other cash – Consolidated Crown corporations and other entities[4]	892,706,000	782,854,000
Total cash in transit	11,804,022,514	11,220,207,804
Less: Outstanding cheques and warrants		
Outstanding cheques[5]	4,521,769,048	4,171,960,594
Imprest account cheques[6]	101,721	95,243
Total outstanding cheques and warrants	4,521,870,769	4,172,055,837
Total cash	32,335,440,720	28,844,805,592
Cash equivalents	6,235,037,405	6,154,036,000
Total cash and cash equivalents	38,570,478,125	34,998,841,592

[1] Included in Canadian currency is $20 billion ($20 billion in 2015) with respect to the Prudential Liquidity Fund.

[2] These balances denominated in US dollars include cash and cash equivalents which have been translated into Canadian dollars at March 31.

[3] These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

[4] These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

[5] Receiver General cheques issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of $46,274,963 ($39,985,026 in 2015) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

[6] Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

Taxes receivable

Taxes receivable include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year end. Amounts receivable also include related amounts for interest and penalties.

Taxes receivable include taxes, premiums and contributions collectable on behalf of others such as provincial and territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the taxes receivable to amounts that approximate their net realizable value.

Table 7.3 presents taxes receivable by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.3
Taxes receivable as at March 31

(in dollars)

	2016			2015		
	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable
Taxes receivable						
Income taxes receivable						
Individuals	60,869,308,792	6,997,324,911	53,871,983,881	55,149,638,082	6,659,992,220	48,489,645,862
Employers	19,568,633,068	1,134,713,283	18,433,919,785	17,651,611,765	1,051,752,589	16,599,859,176
Corporations	18,183,660,374	2,528,528,152	15,655,132,222	16,964,503,258	2,282,669,652	14,681,833,606
Non-residents	1,510,732,853	132,147,710	1,378,585,143	1,462,071,331	137,763,880	1,324,307,451
Goods and services taxes receivable	17,959,424,759	2,962,220,840	14,997,203,919	18,248,319,758	2,784,966,988	15,463,352,770
Customs duties receivable	267,740,003	102,658,775	165,081,228	265,599,027	24,002,848	241,596,179
Excise taxes and duties receivable	1,817,961,293	472,479,032	1,345,482,261	1,895,340,042	196,753,602	1,698,586,440
Total	120,177,461,142	14,330,072,703	105,847,388,439	111,637,083,263	13,137,901,779	98,499,181,484

Table 7.4 presents the aging for taxes receivable for the period over which claims at March 31 have been outstanding. Receivables based on estimates of unassessed taxes at year end are included in current receivables.

Table 7.4
Aging of taxes receivable

(in dollars)

	Year ended March 31	
	2016	2015
Taxes receivable		
Less than one year	77,310,061,861	71,629,514,792
1-2	7,122,526,674	7,110,899,188
2-3	5,572,184,339	5,642,563,058
3-4	5,072,838,141	4,529,275,948
4-5	4,072,259,084	3,870,348,255
Over 5 years	21,027,591,043	18,854,482,022
Total	120,177,461,142	111,637,083,263

Other accounts receivable

Other accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to the Government for use of its assets or from the proceeds for provision of services, and cash collateral pledged to counterparties, as of March 31, 2016.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.5 presents a summary of the balances for other accounts receivable.

Table 7.5
Other accounts receivable as at March 31

(in dollars)

	2016			2015		
	Gross receivables	Allowance for doubtful accounts	Net receivables	Gross receivables	Allowance for doubtful accounts	Net receivables
Other receivables[1]	5,665,273,881	2,591,056,606	3,074,217,275	4,777,571,810	2,219,790,944	2,557,780,866
Cash collateral pledged to counterparties[2]	6,556,958,695		6,556,958,695			
Accounts receivable of consolidated Crown corporations and other entities	639,040,000		639,040,000	640,518,000		640,518,000
Total	12,861,272,576	2,591,056,606	10,270,215,970	5,418,089,810	2,219,790,944	3,198,298,866

[1] Other receivables are the financial claims owed to the Government and arising from other revenues.

[2] Cash collateral pledged to counterparties represents collateral support under International Swaps and Derivatives Association (ISDA) master agreements in respect of outstanding cross-currency swap arrangements.

Table 7.6 presents the aging of other accounts receivable for the period over which claims at March 31 have been outstanding.

Table 7.6
Aging of other accounts receivable

(in dollars)

	Year ended March 31	
	2016	2015
Outstanding days		
0-30	1,987,314,947	1,459,142,044
31-60	110,273,828	180,169,914
61-90	68,516,086	161,232,978
91-365	618,226,186	495,045,788
Over 365	2,880,942,834	2,481,981,086
Total	5,665,273,881	4,777,571,810
Cash collateral pledged to counterparties	6,556,958,695	
Accounts receivable of consolidated Crown corporations and other entities	639,040,000	640,518,000
Total	12,861,272,576	5,418,089,810

Section 8

2015–2016

Public Accounts of Canada

Foreign exchange accounts

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Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Consolidated Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to $22,482 million as at March 31, 2016 ($20,267 million as at March 31, 2015); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

Table 8.1
Foreign exchange accounts

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits	March 31, 2016
International reserves held in the Exchange Fund Account, Table 8.2	91,960,777,304	38,954,679,588	29,535,995,741	101,379,461,151
International Monetary Fund – Subscriptions	11,128,648,392	9,048,217,276	7,207,510	20,169,658,158
International Monetary Fund – Loans	1,353,466,909	188,723,131	264,189,523	1,278,000,517
	104,442,892,605	*48,191,619,995*	*29,807,392,774*	*122,827,119,826*
Less:				
International Monetary Fund – Notes payable	8,961,839,800	237,839,800	9,608,452,000	18,332,452,000
Special drawing rights allocations	10,462,733,361	–	493,238,183	10,955,971,544
	19,424,573,161	*237,839,800*	*10,101,690,183*	*29,288,423,544*
Total	85,018,319,444	48,429,459,795	39,909,082,957	93,538,696,282

International reserves held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. The financial statements at March 31, 2016 are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 2016.

In 2015–2016, payments and other charges consisted of advances to the Exchange Fund Account in the amount of $34,127 million, an adjustment of $2,187 million to recognize the net income of the Exchange Fund Account for the period April 1, 2015 to March 31, 2016, and a net valuation adjustment of $2,641 million. Receipts and other credits consisted of repayments of advances of $29,536 million.

Table 8.2
International reserves held in the Exchange Fund Account

(in millions of dollars)

	March 31, 2016	March 31, 2015
US dollar cash and cash equivalents	5,303	441
US dollar marketable securities	56,638	60,558
Euro cash and cash equivalents	304	189
Euro marketable securities	20,162	17,685
British pound sterling cash and cash equivalents	114	48
British pound sterling marketable securities	7,534	2,405
Japanese yen cash and cash equivalents	181	17
Japanese yen marketable securities	712	794
Short-term deposits		
Special drawing rights	10,431	9,818
Gold		6
Total	101,379	91,961
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollar	64,406	63,301
Euro	19,415	16,822
British pound sterling	7,653	2,440
Japanese yen	871	797
Special drawing rights (2016, SDR 3,435 million; 2015, SDR 4,599 million)	6,285	8,035
Canadian dollar	562	(274)
Total advances from the Consolidated Revenue Fund	99,192	91,121
Total net revenue for the year	2,187	840
Total	101,379	91,961

International Monetary Fund

Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of four major currencies, the Euro, the US dollar, the British pound sterling and the Japanese yen.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 2015–2016, payments and other charges consisted of an increase in subscriptions of $9,048 million (SDR 4,655 million). The receipts and other credits consisted of a valuation adjustment of $7 million.

Loans

This account records the value of interest-bearing loans made under Canada's multi-lateral and bi-lateral borrowing arrangements with the IMF. The purpose of these arrangements is to provide temporary resources for IMF-member countries requiring balance of payment assistance.

There are two outstanding lending arrangements with the IMF outside of the quota system: the multi-lateral New Arrangements to Borrow (NAB) and General Arrangements to Borrow (GAB).

Canada's current participation in the NAB is governed by technical amendments from December, 2011, made as a result of the IMF's 14th General Review of Quotas. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 3,874 million. As at March 31, 2016, SDR 699 million or $1,278 million (SDR 775 million or $1,353 million in 2015) in lending have been provided to the IMF under the NAB.

Canada also participates in the GAB which was renewed in December 2013. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 893 million. As at March 31, 2016, no lending had been provided to the IMF under the GAB.

Collectively, the outstanding loans under multi-lateral arrangements with the IMF cannot exceed SDR 4,767 million at any given time. This reflects the maximum commitment under both the NAB and GAB.

At March 31, 2016, a total of SDR 699 million or $1,278 million was outstanding under these arrangements. Amounts advanced under these arrangements are considered part of the Official International Reserves of Canada.

Notes payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one per cent of Canada's subscription) held on deposit at the Bank of Canada. In 2015–2016, notes payable to the IMF increased by $9,370 million.

Special drawing rights allocations

This account records the value of SDRs allocated to Canada by the IMF. The SDR is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2015–2016, receipts and other credits consisted of a valuation adjustment of $493 million.

Supplementary statement

Exchange Fund Account

Statement of financial position *(unaudited)*
as at 31 March

(in millions of Canadian dollars)

	2016	2015
Financial assets		
Cash and cash equivalents (Note 2, Note 3)	5,902	695
Investments (Note 2, Note 3)		
Marketable securities	85,046	81,442
Special drawing rights	10,431	9,818
Gold		6
Total investments	95,477	91,266
Total financial assets	101,379	91,961
Liabilities		
Due to the Consolidated Revenue Fund (Note 4)	101,379	91,961

The accompanying notes are an integral part of these financial statements.

Paul Rochon
Deputy Minister
Department of Finance

Christopher Meyers, CPA, CA
Chief Financial Officer
Department of Finance

Statement of operations *(unaudited)*
for the year ended 31 March

(in millions of Canadian dollars)

	2016	2015
Net revenue from investments		
Marketable securities		
Interest	1,235	1,152
Net gains on sales of marketable securities	793	238
Transaction costs and other	(2)	(4)
Interest on cash and cash equivalents	7	
Interest on special drawing rights	5	6
Gains on sales of gold	140	–
Total net revenue from investments	2,178	1,392
Other		
Net foreign exchange gain (loss)	9	(552)
Net revenue for the year (Note 2)	**2,187**	**840**

The accompanying notes are an integral part of these financial statements.

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2016 *(unaudited)*

1. Authority and objectives

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

The legislative mandate of the Account is to aid in the control and protection of the external value of the Canadian dollar. The Minister of Finance empowers the Account to acquire or sell assets deemed appropriate for this purpose, in accordance with the Account's *Statement of Investment Policy*.

Assets held in the Account are managed to provide foreign-currency liquidity to the government and to promote orderly conditions for the Canadian dollar in foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic, basis and only in the most exceptional of circumstances. Since September 1998, no transactions have been aimed at moderating movements in the value of Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year. These statements have been prepared by the Department of Finance.

2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements.

(a) Revenue recognition

Revenue from investments is recognized on an accrual basis and includes interest earned (including the amortization of premiums and discounts), gains or losses on sales of securities and on sales of gold, and revenues from securities lending activities. Interest is accrued on short-term deposits, deposits held under repurchase agreements, marketable securities, and special drawing rights (SDRs).

(b) Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank of Canada and the Department of Finance. These costs have not been recognized in the Statements.

In addition, the notional cost of the funding of the Account's assets and advances from the CRF is not recognized in the Statements.

(c) Financial assets

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and short-term deposits. Short-term deposits are measured at cost and are generally held to maturity. The resulting revenue is included in interest on cash and cash equivalents.

Deposits held under repurchase agreements

Deposits held under repurchase agreements are measured at cost. The resulting revenue is included in Net revenue from marketable securities. As of 31 March 2016 and 31 March 2015 the Account did not hold any deposits held under repurchase agreements.

Marketable securities

Purchases and sales of securities are recognized at the settlement dates. Marketable securities are measured at cost and are adjusted for amortization of purchase discounts and premiums on a straight-line basis over the term to maturity of the security. The carrying value of marketable securities includes accrued interest.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in net revenue.

For short-term deposits, deposits held under repurchase agreements and marketable securities, the Bank assesses at the end of each reporting period whether there is an other-than-temporary impairment in value. Once impaired, these assets remeasured at their recoverable amount with the amount of the impairment recognized in Total net revenue from investments in the statement of operations.

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2016 *(unaudited)*—*continued*

Securities lending program

Under the securities lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents, who guarantee the loans and obtain collateral of equal or greater value from approved counterparties. These transactions can range from 1 to 31 days in duration. The securities loaned continue to be accounted for as investment assets. Income on securities lending transactions is included in Total net revenue from investments in the statement of operations.

Special drawing rights

The SDR serves as the unit of account for the International Monetary Fund (IMF) and its value is based on a "basket" of four major currencies: the Euro, the US dollar, the British pound sterling and the Japanese yen. On 30 November 2015 the Executive Board of the IMF decided to include the Chinese renminbi in the SDR basket effective 1 October 2016.

SDRs are initially recognized at cost and are subsequently remeasured at each reporting date into Canadian dollars at market exchange rates.

Gold

Gold is carried in the Account at a value of 35 SDRs per fine ounce.

Translation of foreign currencies and special drawing rights

Assets denominated in foreign currencies and SDRs are translated into Canadian-dollar equivalents at the rates prevailing as of March 31, which were as follows:

	2016	2015
US dollar	1.2987	1.2666
Euro	1.4777	1.3615
Japanese yen	0.0115	0.0106
British pound sterling	1.8654	1.8792
SDR	1.8296	1.7473

Gains or losses resulting from the translation of assets and advances from the CRF denominated in foreign currencies and SDRs, as well as from transactions throughout the fiscal year, are recognized as net foreign exchange gains or losses and are included in the statement of operations.

Investment revenue in foreign currencies and SDRs is translated into Canadian-dollars at the foreign exchange rates prevailing on the date the revenue is earned.

(d) Use of estimates and measurement uncertainty

The preparation of the Statements requires management to make estimates and assumptions based on information available as of the date of the Statements. Significant estimates are primarily in the area of the fair values of financial instruments, including any impairment (Note 3).

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2016 *(unaudited)*—*continued*

3. Financial instruments

Fair value of financial assets

(in millions of Canadian dollars)

	31 March 2016		31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents				
US dollar	5,303	5,303	441	441
Euro	304	304	189	189
Japanese yen	181	181	17	17
British pound sterling	114	114	48	48
Total cash and cash equivalents	5,902	5,902	695	695
Investments				
Marketable securities				
US dollar	56,638	57,685	60,558	61,895
Euro	20,161	21,132	17,685	19,088
Japanese yen	712	720	794	797
British pound sterling	7,535	7,810	2,405	2,461
Total marketable securities	85,046	87,347	81,442	84,241
SDR	10,431	10,431	9,818	9,818
Gold	—	—	6	144
Total investments	95,477	97,778	91,266	94,203
Total financial assets	101,379	103,680	91,961	94,898

The estimated fair value of cash and cash equivalents approximates their carrying value, given their short term to maturity.

The estimated fair values of marketable securities are based on quoted market prices and include accrued interest. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, and in the prior year, no marketable securities were written down to reflect an other-than-temporary impairment in value.

Since SDRs are translated into Canadian-dollar equivalents at the rates prevailing at the Statements date, the carrying value approximates fair value on the reporting date.

The portfolio of gold holdings was sold during the year for a gain of $140 million. The estimated fair value of gold at 31 March 2015 was based on the London gold fixing of $1,503.45 per fine ounce.

Exchange Fund Account—*continued*

Notes to the financial statements for the year ended 31 March 2016 *(unaudited)*—*continued*

Credit risk

Credit risk is the risk that a counterparty to a financial contract will cause a loss to the Account by failing to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the *Statement of Investment Policy* prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution), by any one issuer or counterparty, and by type of instruments.

The *Statement of Investment Policy* also specifies the treatment of holdings that do not meet eligibility criteria or limits due to exceptional circumstances such as ratings downgrades.

With respect to the *Statement of Investment Policy*, the Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. To be eligible for investment, an entity must have a credit rating in the top seven categories from two of four designated rating agencies (Standard & Poor's, Moody's, Fitch, and Dominion Bond Rating Service). The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister of Finance may appoint agents to perform services concerning the Account. Through the securities-lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with at least one of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Account is not exposed to significant other price risk.

Interest rate and currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset-liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets. Other price risks are mitigated by holding high quality liquid assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk is minimized by limiting the portion of the Government of Canada's foreign liabilities that needs to be renewed within a one year period. In addition, liquidity risk is mitigated by holding short-term investments that are matched to the Government of Canada's maturing liabilities in foreign currencies.

Securities lending

As at 31 March 2016, the Account's investments included securities held by its agents in connection with the securities-lending program. Investments with a fair market value of $385 million ($387 million at 31 March 2015) and an amortized cost of $387 million ($380 million at 31 March 2015) were being used in the securities-lending program.

No securities were lent to eligible borrowers at the reporting date (nil at 31 March 2015).

Exchange Fund Account—*concluded*

Notes to the financial statements for the year ended 31 March 2016 *(unaudited)—concluded*

4. Due to the Consolidated Revenue Fund (CRF)

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister of Finance under the terms and conditions prescribed by the Minister of Finance. Pursuant to Section 19 of the *Currency Act*, these advances are limited to US $150 billion by order of the Minister of Finance effective 26 March 2015.

The CRF advances the proceeds of the Government of Canada's borrowings in foreign currencies and allocations of SDRs by IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions of foreign currency advances from the CRF.

The Account requires Canadian-dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada, causes reductions in the level of outstanding Canadian-dollar advances and can result in overall net deposits of Canadian-dollars by the Account with the CRF.

At 31 March, advances from the CRF were comprised of the following currencies:

Currency composition of advances from the CRF

(in millions of Canadian dollars)

	2016	2015
US dollar	64,406	63,301
Euro	19,415	16,822
Japanese yen	871	2,440
British pound sterling	7,653	797
SDR	6,285	8,035
Subtotal—Foreign currencies	98,630	91,395
Canadian dollar	562	(274)
Net revenue	2,187	840
Total	**101,379**	**91,961**

Section 9

2015–2016

Public Accounts of Canada

Loans, investments and advances

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Loans, investments and advances

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity method, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

Other loans, investments and advances are initially recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the approximate net recoverable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year-end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the approximate net recoverable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 10 of Volume III.

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

Table 9.1
Loans, investments and advances

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits	March 31, 2016
Enterprise Crown corporations and other government business enterprises, Table 9.2	89,374,816,914	59,428,431,837	57,687,566,809	91,115,681,942
Portfolio investments, Table 9.11	78,204,351		4,608,891	73,595,460
National governments including developing countries, Table 9.12	987,937,466	39,297,354	61,223,245	966,011,575
International organizations, Table 9.13	20,189,000,296	993,719,122	21,372,123	21,161,347,295
Provincial and territorial governments, Table 9.14	1,112,139,912	73,629,000	766,736,822	419,032,090
Other loans, investments and advances, Table 9.15	28,245,810,702	6,641,943,082	5,290,576,094	29,597,177,690
	139,987,909,641	67,177,020,395	63,832,083,984	143,332,846,052
Less: allowance for valuation	26,306,691,248	1,646,629,023	577,043,483	27,376,276,788
Total	113,681,218,393	65,530,391,372	63,255,040,501	115,956,569,264

Enterprise Crown corporations and other government business enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and enterprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and enterprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as "other government business enterprises" and include the various Canada Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

- designation by Parliament, through a special act of incorporation;
- statutory authorization; or
- proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interests of Canada is provided in the quarterly report entitled *Inventory of Government of Canada Organizations*. Although no longer included as part of this Report, a compilation of the audited financial statements of the parent Crown corporations is also available upon request.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations and other government business enterprises.

Table 9.2
Enterprise Crown corporations and other government business enterprises

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits	March 31, 2016
Investments				
Investments and accumulated profits/losses (Table 9.5)	43,808,245,950	4,646,596,000	4,974,717,000	43,480,124,950
Loans and advances[1]				
Canada Mortgage and Housing Corporation				
Housing	2,280,080,715		151,785,599	2,128,295,116
Joint projects	511,852,460		29,127,071	482,725,389
Real estate	9,812,875		332,363	9,480,512
Sewage treatment projects	31,110,685		7,975,415	23,135,270
Student housing projects	82,776,644		15,152,875	67,623,769
	2,915,633,379		*204,373,323*	*2,711,260,056*
Finance				
Business Development Bank of Canada	15,675,699,993	25,590,000,000	24,323,600,000	16,942,099,993
Canada Lands Company Limited	332,520,852	27,800,000	20,506,052	339,814,800
Canada Mortgage and Housing Corporation	7,792,070,933	1,588,001,000	1,560,794,009	7,819,277,924
Farm Credit Canada	22,691,430,000	27,336,500,000	26,589,880,000	23,438,050,000
	46,491,721,778	*54,542,301,000*	*52,494,780,061*	*48,539,242,717*
Total – Loans and advances	49,407,355,157	54,542,301,000	52,699,153,384	51,250,502,773
Less:				
Loans expected to be repaid from future appropriations	3,791,894,511	220,771,798		3,571,122,713
Unamortized discounts and premiums	48,889,682	18,763,039	13,696,425	43,823,068
	3,840,784,193	239,534,837	13,696,425	3,614,945,781
Total	89,374,816,914	59,428,431,837	57,687,566,809	91,115,681,942

[1] These loans are recorded at cost.

The results and financial position of enterprise Crown corporations and other government business enterprises are detailed in Tables 9.3 to 9.5. These tables also show the breakdown of the equity of each corporation between accumulated profits and losses, contributed surplus and capital stock, as well as the details of the Government's investment under the modified equity accounting method.

The Government of Canada has also made loans and advances to various enterprise Crown corporations and other government business enterprises. The following describes loans which were outstanding as of March 31, 2016 or 2015.

Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low-cost financing for housing, and the national well-being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

Housing

Advances made for moderate to low income housing bear interest at rates from 5.25 per cent to 16.10 per cent per annum, and are repayable over 1 to 50 years, with the final instalment due on March 31, 2037.

Joint projects

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 5.13 per cent to 17.96 per cent per annum, and are repayable over 1 to 50 years, with the final instalment due on June 30, 2038.

Real estate

Advances made for the acquisition and development of real estate bear interest at rates from 10.07 per cent to 15 per cent per annum, and are repayable over 50 years, with the final instalment due on June 30, 2036.

Sewage treatment projects

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5 per cent to 9.63 per cent per annum, and are repayable over 20 to 50 years, with the final instalment due on March 31, 2023.

Student housing projects

Advances made for student housing projects bear interest at rates from 5.13 per cent to 10.05 per cent per annum, and are repayable over 20 to 50 years, with the final instalment due on April 1, 2030.

Business Development Bank of Canada

Direct lending to Crown corporations

The Business Development Bank of Canada (BDC) was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an Act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium-sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.42 per cent to 1.12 per cent per annum.

Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation is a Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is wholly-owned by the Government of Canada. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC), its principal wholly-owned subsidiary. CLC's objective is to carry out a commercially-oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC has acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, new notes have been issued for an amount of $27.8 million. An amount of $20.5 million was repaid during the year and an amount of $4.8 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

Canada Mortgage and Housing Corporation

Direct lending to Crown corporations

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Corporation Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.38 per cent to 3.94 per cent per annum.

Farm Credit Canada

Direct lending to Crown corporations

The Farm Credit Canada was established in 1959 by the *Farm Credit Canada Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.28 per cent to 3.84 per cent per annum.

Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2016 and 2015 is as follows:

(in millions of dollars)

	2015–2016	2014–2015
Business Development Bank of Canada	76.2	127.4
Canada Mortgage and Housing Corporation	438.9	595.4
Farm Credit Canada	132.8	214.0
Total	647.9	936.8

Summary financial statements of enterprise Crown corporations and other government business enterprises

The following tables display details of the assets, liabilities, equity, revenues and expenses of enterprise Crown corporations and other government business enterprises.

Tables 9.3 to 9.5 present the assets, liabilities, equity, revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part I of Schedule III of the *Financial Administration Act* and of other competitive and self-sustaining government business enterprises.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprise in accordance with its own respective accounting policies. All enterprise Crown corporations and other government business enterprises follow International Financial Reporting Standards.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, such as buildings, machinery and equipment in use or under construction, as well as inventories, prepayments and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, accrued interest on borrowings, various other accruals, capital leases and sundry accounts payable. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations, when applicable. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits which are recognized in comprehensive income but excluded from net income. Other comprehensive income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then, reflected in the government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Any unrealized inter-organizational gains and losses are eliminated as part of the modified equity accounting adjustment.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and are excluded from the consolidated financial statements of their parent Crown corporations.

Enterprise Crown corporations and other government business enterprises are also categorized as being either agents or non-agents of the Crown. In some situations, agent status may be restricted to certain designated activities of a corporation.

A summary of financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2016 is provided in Table 9.10.

Table 9.3

Summary combined financial statements of enterprise Crown corporations and other government business enterprises by segment

(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
Assets, liabilities and equity as at March 31, 2016						
Assets						
Financial						
Third parties	4,281,539	7,498,745	364,297,822	10,359	39,674	376,128,139
Government, Crown corporations and other entities	2,399,919	91,151,717	7,543,424		4,073	101,099,133
Total financial assets	6,681,458	98,650,462	371,841,246	10,359	43,747	477,227,272
Non-financial assets	7,227,158	548,447	1,051,053	43,930	36,726	8,907,314
Total assets as reported	13,908,616	99,198,909	372,892,299	54,289	80,473	486,134,586
Elimination adjustments	(336,178)	504	(420,545)		(102)	(756,321)
Total assets	13,572,438	99,199,413	372,471,754	54,289	80,371	485,378,265
Liabilities						
Third parties						
Borrowings	1,403,030		265,375,950	26,445	6,955	266,812,380
Bank of Canada notes in circulation and amounts owing to depositors		74,080,223				74,080,223
Other liabilities	10,090,255	1,945,079	14,170,010	27,844	28,430	26,261,618
Government, Crown corporations and other entities	469,951	22,681,677	51,725,894		529	74,878,051
Total liabilities as reported	11,963,236	98,706,979	331,271,854	54,289	35,914	442,032,272
Elimination adjustments			(134,131)			(134,131)
Total liabilities	11,963,236	98,706,979	331,137,723	54,289	35,914	441,898,141
Equity of Canada as reported	1,945,380	491,930	41,620,445		44,559	44,102,314
Elimination adjustments	(336,178)	504	(286,414)		(102)	(622,190)
Equity of Canada	1,609,202	492,434	41,334,031		44,457	43,480,124
Total liabilities and equity	13,572,438	99,199,413	372,471,754	54,289	80,371	485,378,265
Contingent liabilities	137,930	64,696	2,754,778			2,957,404
Contractual obligations	1,804,342	238,597	45,167,346		11,674	47,221,959
Revenues, expenses and other changes in equity for the year ended March 31, 2016						
Revenues						
Third parties	13,999,079	15,808	11,812,339	259,507	209,706	26,296,439
Government, Crown corporations and other entities	426,124	1,712,334	2,180,136		86	4,318,680
Total revenues	14,425,203	1,728,142	13,992,475	259,507	209,792	30,615,119
Expenses						
Third parties	11,690,583	454,250	9,055,341	219,508	210,242	21,629,924
Government, Crown corporations and other entities	255,340	115,885	1,161,205		1,595	1,534,025
Total expenses	11,945,923	570,135	10,216,546	219,508	211,837	23,163,949
Net income (loss) for the year	2,479,280	1,158,007	3,775,929	39,999	(2,045)	7,451,170
Equity of Canada, beginning of the year as reported	5,180,584	482,855	38,659,916		46,839	44,370,194
Equity adjustments and other	(252)	(504)	(10)	(39,999)		(40,765)
Elimination adjustments	(336,178)	504	(286,414)		(102)	(622,190)
Other comprehensive income (loss)	(2,356,926)	(34,285)	(312,122)		(235)	(2,703,568)
Equity transactions with the Government						
Dividends	(2,234,073)	(1,114,143)	(653,268)			(4,001,484)
Capital	(1,123,233)		150,000			(973,233)
Equity of Canada, end of the year	1,609,202	492,434	41,334,031		44,457	43,480,124

Table 9.4
Financial position of enterprise Crown corporations and other government business enterprises
Assets, liabilities and equity as at March 31, 2016

(in thousands of dollars)

	Assets			
	Financial			
Enterprise Crown corporations and other government business enterprises[1]	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Competitive, self-sustaining				
Canada Development Investment Corporation	268,650	126,997	242,438	638,085
Canada Lands Company Limited	366,563	54,751	491,366	912,680
Canada Post Corporation	2,793,272	2,190,811	3,036,683	8,020,766
Halifax Port Authority[2]	16,060	155	207,439	223,654
Hamilton Port Authority[2]	18,009	—	111,706	129,715
Montreal Port Authority[2]	67,949	6,043	290,887	364,879
Prince Rupert Port Authority[2]	48,294	—	160,530	208,824
Quebec Port Authority[2]	18,399	91	147,783	166,273
Ridley Terminals Inc.	118,337	—	180,376	298,713
Royal Canadian Mint	104,043	18,447	276,141	398,631
Saint John Port Authority[2]	21,879	—	74,178	96,057
Sept-Iles Port Authority[2]	42,305	119	304,324	346,748
Toronto Port Authority[2]	30,885	—	203,980	234,865
Vancouver Fraser Port Authority[2]	266,138	163	1,266,446	1,532,747
Other Canada Port Authorities[2,3]	100,756	2,342	232,881	335,979
Total—Competitive, self-sustaining	*4,281,539*	*2,399,919*	*7,227,158*	*13,908,616*
Bank of Canada	*7,498,745*	*91,151,717*	*548,447*	*99,198,909*
Lending and insurance				
Business Development Bank of Canada	22,839,661	—	66,242	22,905,903
Canada Deposit Insurance Corporation	467,969	2,946,893	10,351	3,425,213
Canada Mortgage and Housing Corporation	251,653,163	4,596,531	539,162	256,788,856
Export Development Canada	59,548,229	—	273,193	59,821,422
Farm Credit Canada	29,788,800	—	162,105	29,950,905
Total—Lending and insurance	*364,297,822*	*7,543,424*	*1,051,053*	*372,892,299*
Marketing				
Canadian Wheat Board, The[4]	—	—	—	—
Freshwater Fish Marketing Corporation	10,359		43,930	54,289
Total—Marketing	*10,359*	—	*43,930*	*54,289*
Other				
Atlantic Pilotage Authority	3,089	—	10,224	13,313
Great Lakes Pilotage Authority	1,999	29	770	2,798
Laurentian Pilotage Authority	21,934	—	16,030	37,964
Pacific Pilotage Authority	12,652	4,044	9,702	26,398
Total—Other	*39,674*	*4,073*	*36,726*	*80,473*
Total	376,128,139	101,099,133	8,907,314	486,134,586
Elimination adjustments		(456,348)	(299,973)	(756,321)
Total	376,128,139	100,642,785	8,607,341	485,378,265

[1] All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.
Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

[2] Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

[3] Consists of the combined figures of the Canada Port Authorities of Belledune, Nanaimo, Oshawa, Port Alberni, Saguenay, St. John's, Thunder Bay, Trois-Rivières and Windsor.

[4] The Canadian Wheat Board, which is not a Crown corporation or agent of the Crown, is considered an other government business enterprise. On July 31, 2015, the Canadian Wheat Board was commercialized.

Liabilities									
Third parties									
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
	176,880		176,880	(142,090)	603,294	1	461,205	638,085
47,900	94,380	296,524	438,804	292,706	181,170	—	473,876	912,680
996,600	9,073,546	107,265	10,177,411	(3,311,816)	1,155,171	—	(2,156,645)	8,020,766
46,956	13,465	636	61,057	111,740	50,857	—	162,597	223,654
—	7,561	—	7,561	103,788	18,366	—	122,154	129,715
—	54,671	1,196	55,867	73,813	235,199	—	309,012	364,879
4,540	64,411	—	68,951	103,660	36,213	—	139,873	208,824
8,299	15,860	47,078	71,237	37,774	57,262	—	95,036	166,273
25,904	74,026	—	99,930	(1,259)	64,000	136,042	198,783	298,713
34,567	96,528	9,614	140,709	217,922	—	40,000	257,922	398,631
—	5,357	—	5,357	29,041	61,659	—	90,700	96,057
71,986	205,065	—	277,051	57,990	11,707	—	69,697	346,748
27,771	92,398		120,169	114,696	—	—	114,696	234,865
103,270	90,968	1,985	196,223	1,186,265	150,259	—	1,336,524	1,532,747
35,237	25,139	5,653	66,029	126,880	143,070	—	269,950	335,979
1,403,030	*10,090,255*	*469,951*	*11,963,236*	*(998,890)*	*2,768,227*	*176,043*	*1,945,380*	*13,908,616*
—	*76,025,302*	*22,681,677*	*98,706,979*	*461,930*	*25,000*	*5,000*	*491,930*	*99,198,909*
253,021	381,445	16,947,964	17,582,430	3,007,295	27,778	2,288,400	5,323,473	22,905,903
—	1,308,077	870	1,308,947	2,116,266		—	2,116,266	3,425,213
217,674,098	8,401,135	10,775,097	236,850,330	19,913,516	25,010	—	19,938,526	256,788,856
46,686,894	3,745,031	500,987	50,932,912	7,555,310		1,333,200	8,888,510	59,821,422
761,937	334,322	23,500,976	24,597,235	4,805,945	547,725	—	5,353,670	29,950,905
265,375,950	*14,170,010*	*51,725,894*	*331,271,854*	*37,398,332*	*600,513*	*3,621,600*	*41,620,445*	*372,892,299*
—	—	—	—	—	—	—	—	—
26,445	27,844	—	54,289	—	—	—	—	54,289
26,445	*27,844*	—	*54,289*	—	—	—	—	*54,289*
4,110	3,103	—	7,213	6,100	—	—	6,100	13,313
—	4,332	401	4,733	(1,935)	—	—	(1,935)	2,798
—	10,618	—	10,618	27,346	—	—	27,346	37,964
2,845	10,377	128	13,350	13,048	—	—	13,048	26,398
6,955	*28,430*	*529*	*35,914*	*44,559*	—	—	*44,559*	*80,473*
266,812,380	100,341,841	74,878,051	442,032,272	36,905,931	3,393,740	3,802,643	44,102,314	486,134,586
		(134,131)	(134,131)	(622,190)			(622,190)	(756,321)
266,812,380	100,341,841	74,743,920	441,898,141	36,283,741	3,393,740	3,802,643	43,480,124	485,378,265

Table 9.5
Revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises for the year ended March 31, 2016

(in thousands of dollars)

	Revenues			Expenses		
Enterprise Crown corporations and other government business enterprises	Third parties	Government, Crown corporations and other entities[1]	Total	Third parties	Government, Crown corporations and other entities	Total
Competitive, self-sustaining						
Canada Development Investment Corporation	2,294,273	538	2,294,811	75,684	8,378	84,062
Canada Lands Company Limited	315,398	–	315,398	273,994	7,389	281,383
Canada Post Corporation	7,677,540	297,236	7,974,776	7,685,999	182,482	7,868,481
Halifax Port Authority	36,386	–	36,386	29,781	1,562	31,343
Hamilton Port Authority	23,440	–	23,440	20,446	–	20,446
Montreal Port Authority	106,049	784	106,833	54,478	4,844	59,322
Prince Rupert Port Authority	45,791	11,782	57,573	27,566	2,749	30,315
Quebec Port Authority	26,607	3,379	29,986	30,015	1,336	31,351
Ridley Terminals Inc.	94,327	–	94,327	146,678	11,576	158,254
Royal Canadian Mint	3,010,506	112,132	3,122,638	3,097,647	27,063	3,124,710
Saint John Port Authority	17,999	–	17,999	14,918	513	15,431
Sept-Iles Port Authority	8,690	18	8,708	13,230	128	13,358
Toronto Port Authority	56,002	–	56,002	54,360	–	54,360
Vancouver Fraser Port Authority	239,690	63	239,753	123,979	6,996	130,975
Other Canada Port Authorities	46,381	192	46,573	41,808	324	42,132
Total – Competitive, self-sustaining	*13,999,079*	*426,124*	*14,425,203*	*11,690,583*	*255,340*	*11,945,923*
Bank of Canada	*15,808*	*1,712,334*	*1,728,142*	*454,250*	*115,885*	*570,135*
Lending and insurance						
Business Development Bank of Canada	1,088,749	–	1,088,749	471,561	81,740	553,301
Canada Deposit Insurance Corporation	367,317	33,650	400,967	84,186	1,330	85,516
Canada Mortgage and Housing Corporation	7,110,466	2,146,051	9,256,517	6,859,080	939,039	7,798,119
Export Development Canada	2,045,586	435	2,046,021	1,198,138	(3,272)	1,194,866
Farm Credit Canada	1,200,221		1,200,221	442,376	142,368	584,744
Total – Lending and insurance	*11,812,339*	*2,180,136*	*13,992,475*	*9,055,341*	*1,161,205*	*10,216,546*
Marketing						
Canadian Wheat Board, The	186,724	–	186,724	152,352	–	152,352
Freshwater Fish Marketing Corporation	72,783	–	72,783	67,156	–	67,156
Total – Marketing	*259,507*	–	*259,507*	*219,508*	–	*219,508*
Other						
Atlantic Pilotage Authority	22,481	–	22,481	22,924	100	23,024
Great Lakes Pilotage Authority	25,875	86	25,961	25,259	1,271	26,530
Laurentian Pilotage Authority	88,767		88,767	85,351		85,351
Pacific Pilotage Authority	72,583		72,583	76,708	224	76,932
Total – Other	*209,706*	*86*	*209,792*	*210,242*	*1,595*	*211,837*
Total	26,296,439	4,318,680	30,615,119	21,629,924	1,534,025	23,163,949
Elimination adjustments						
Total net results	26,296,439	4,318,680	30,615,119	21,629,924	1,534,025	23,163,949
Less equity adjustments						
Share of annual profit						

The accompanying notes for Table 9.4 are an integral part of this table.

[1] Revenues with Government, Crown corporations and other entities include amounts generated from the sale of goods and services, investment income, financial assistance as well as grants where the corporations qualify as a member of a general class of recipients. Additional amounts representing capital investments received by the corporations are included under "Equity transactions with the Government".

Net income (loss)	Equity beginning of year	Equity adjustments and other	Other comprehensive income (loss)	Equity transactions with the Government		Equity end of year
				Dividends	Capital	
2,210,749	3,880,111	–	(2,366,349)	(2,140,073)	(1,123,233)	461,205
34,015	449,861	–	–	(10,000)	–	473,876
106,295	(2,277,230)	–	14,290	–	–	(2,156,645)
5,043	157,113	–	441	–	–	162,597
2,994	118,837	–	323	–	–	122,154
47,511	266,327	–	(4,826)	–	–	309,012
27,258	112,269	–	346	–	–	139,873
(1,365)	97,518	–	(1,117)	–	–	95,036
(63,927)	262,710	–	–	–	–	198,783
(2,072)	344,384	–	(390)	(84,000)	–	257,922
2,568	88,132	–	–	–	–	90,700
(4,650)	74,214	–	133	–	–	69,697
1,642	110,541	–	2,513	–	–	114,696
108,778	1,229,603	–	(1,857)	–	–	1,336,524
4,441	266,194	(252)	(433)	–	–	269,950
2,479,280	*5,180,584*	*(252)*	*(2,356,926)*	*(2,234,073)*	*(1,123,233)*	*1,945,380*
1,158,007	*482,855*	*(504)*	*(34,285)*	*(1,114,143)*	–	*491,930*
535,448	4,744,566	–	(43,653)	(62,888)	150,000	5,323,473
315,451	1,800,628	–	187	–	–	2,116,266
1,458,398	18,733,566	(10)	(253,428)	–	–	19,938,526
851,155	8,526,630	–	10,725	(500,000)	–	8,888,510
615,477	4,854,526	–	(25,953)	(90,380)	–	5,353,670
3,775,929	*38,659,916*	*(10)*	*(312,122)*	*(653,268)*	*150,000*	*41,620,445*
34,372	–	(34,372)	–	–	–	–
5,627	–	(5,627)	–	–	–	–
39,999	–	*(39,999)*	–	–	–	–
(543)	6,678	–	(35)	–	–	6,100
(569)	(1,366)	–	–	–	–	(1,935)
3,416	23,930	–	–	–	–	27,346
(4,349)	17,597	–	(200)	–	–	13,048
(2,045)	*46,839*	–	*(235)*	–	–	*44,559*
7,451,170	44,370,194	(40,765)	(2,703,568)	(4,001,484)	(973,233)	44,102,314
	(561,949)	(94,721)	34,480			(622,190)
7,451,170	43,808,245	(135,486)	(2,669,088)	(4,001,484)	(973,233)	43,480,124
(135,486)		135,486				–
7,315,684	43,808,245		(2,669,088)	(4,001,484)	(973,233)	43,480,124

Borrowings by enterprise Crown corporations and other government business enterprises

Table 9.6 summarizes the borrowing transactions by agent and non-agent enterprise Crown corporations and other government business enterprises.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times, be guaranteed by the Government.

Table 9.6
Borrowings by enterprise Crown corporations and other government business enterprises

(in thousands of dollars)

	Balance April 1, 2015	Borrowings and other credits	Repayments and other charges	Balance March 31, 2016
Agent enterprise Crown corporations				
Business Development Bank of Canada	304,837	(8,812)	43,004	253,021
Canada Mortgage and Housing Corporation	208,973,354	35,730,697	27,029,953	217,674,098
Canada Post Corporation	1,051,434	166	55,000	996,600
Export Development Canada	41,984,775	47,799,266	43,097,147	46,686,894
Farm Credit Canada	669,308	3,805,404	3,712,775	761,937
Freshwater Fish Marketing Corporation	23,126	26,445	23,126	26,445
Royal Canadian Mint	42,071		7,504	34,567
Total—Agent enterprise Crown corporations	253,048,905	87,353,166	73,968,509	266,433,562
Non-agent enterprise Crown corporations and other government business enterprises				
Atlantic Pilotage Authority	4,529		419	4,110
Canada Lands Company Limited[1]	71,600	8,900	32,600	47,900
Canadian Wheat Board, The	901,630		901,630	—
Halifax Port Authority[2]	52,704	15,036	20,784	46,956
Pacific Pilotage Authority	1,700	1,300	155	2,845
Prince Rupert Port Authority[2]	7,024		2,484	4,540
Quebec Port Authority[2]	7,440	859		8,299
Ridley Terminals Inc.	32,826	—	6,922	25,904
Sept-Iles Port Authority[2]	79,065	131	7,210	71,986
Toronto Port Authority[2]	24,503	5,128	1,860	27,771
Vancouver Fraser Port Authority[2]	103,332	4,715	4,777	103,270
Other Canada Port Authorities[2]	30,067	7,611	2,441	35,237
Total—Non-agent enterprise Crown corporations and other government business enterprises	1,316,420	43,680	981,282	378,818
Total	254,365,325	87,396,846	74,949,791	266,812,380
Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises	254,365,325	—		266,812,380
Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Consolidated Statement of Financial Position				

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[1] Borrowings of Canada Lands Company Limited are those of its subsidiary, Canada Lands Company CLC Limited, which is not an agent of the Crown.

[2] The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises

Table 9.7 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations and other government business enterprises as at March 31, 2016.

Table 9.7
Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises
(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
2016	51,451,214	109,359	51,560,573
2017	38,964,344	24,917	38,989,261
2018	45,945,497	23,724	45,969,221
2019	43,543,105	21,094	43,564,199
2020	35,390,898	14,362	35,405,260
Subsequent years	51,138,504	185,362	51,323,866
Total	266,433,562	378,818	266,812,380[1]

[1] The borrowings are composed in Canadian dollar equivalent of 35,967,986 USD, 3,649,350 GBP, 26,022 JPY, 3,218,184 AUD, 1,185,714 EUR, 1,692,097 NZD, 79,578 NOK, 358,633 CHF, 44,967 MXN, 220,162,582 CAD and 427,267 for other currencies.

Contingent liabilities of enterprise Crown corporations and other government business enterprises

Table 9.8 summarizes the contingent liabilities of enterprise Crown corporations and other government business enterprises. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

Table 9.8
Contingent liabilities of enterprise Crown corporations and other government business enterprises
(in thousands of dollars)

	March 31, 2016
Bank of Canada – Callable shares	64,696
Business Development Bank of Canada – Loan guarantees	352,406
Canada Development Investment Corporation – Performance guarantees	14,227
Canada Lands Company Limited – Letters of credit	87,051
Canada Mortgage and Housing Corporation	
Claims and pending and threatened litigation	22,350
Letters of credit	107,436
Export Development Canada – Loan guarantees	2,271,586
Farm Credit Canada – Letters of credit	1,000
Montreal Port Authority – Claims and pending and threatened litigation	2,000
Quebec Port Authority – Letters of credit	200
Royal Canadian Mint – Performance guarantees	7,495
Sept-Iles Port Authority – Loan guarantees	26,000
Vancouver Fraser Port Authority – Performance guarantees	957
Total	2,957,404

Contractual obligations of enterprise Crown corporations and other government business enterprises

Table 9.9 summarizes the contractual obligations of enterprise Crown corporations and other government business enterprises. A contractual obligation represents a legal obligation to third party organizations or individuals as a result of a contract. Contractual obligations are classified into four main categories: transfer payment agreements, loans authorized but undisbursed, capital expenditures and operating leases.

Table 9.9

Contractual obligations of enterprise Crown corporations and other government business enterprises at March 31, 2016

(in thousands of dollars)

	Transfer payment agreements	Loans	Capital Expenditures	Operating leases and other	Total
Bank of Canada	–	–	81,270	157,327	238,597
Business Development Bank of Canada	–	3,232,309	–	300,694	3,533,003
Canada Deposit Insurance Corporation	–	–	–	14,321	14,321
Canada Development Investment Corporation	–	–	35,244	68,521	103,765
Canada Lands Company Limited	–	–	57,100	7,418	64,518
Canada Mortgage and Housing Corporation	14,773,611	165,975	–	95,000	15,034,586
Canada Post Corporation	–	–	–	906,266	906,266
Export Development Canada	–	23,394,004	–	87,000	23,481,004
Farm Credit Canada	–	3,029,700	100	74,632	3,104,432
Great Lakes Pilotage Authority	–	–	–	1,762	1,762
Halifax Port Authority	–	–	1,000	–	1,000
Hamilton Port Authority	–	–	–	30	30
Laurentian Pilotage Authority	–	–	–	8,057	8,057
Montreal Port Authority	–	–	52,515	5,586	58,101
Pacific Pilotage Authority	–	–	–	1,855	1,855
Prince Rupert Port Authority	–	–	2,604	–	2,604
Ridley Terminals Inc	–	–	–	456,902	456,902
Royal Canadian Mint	–	–	3,338	119,626	122,964
Sept-Iles Port Authority	–	–	–	1,017	1,017
Vancouver Fraser Port Authority	–	–	64,944	22,025	86,969
Other Canada Port Authorities	–	–	200	6	206
Total	14,773,611	29,821,988	298,315	2,328,045	47,221,959

Financial assistance to enterprise Crown corporations and other government business enterprises

Table 9.10 summarizes financial assistance for both agent and non-agent enterprise Crown corporations and other government business enterprises. It should be read in conjunction with Table 9.5. The purpose for which payments have been made is segregated between amounts recorded as program transactions and amounts recorded as transfer payments.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Table 9.10

Financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2016

(in thousands of dollars)

	Program	Transfer Payments	Financial assistance
Canada Mortgage and Housing Corporation	2,008,369	–	2,008,369
Canada Post Corporation	22,210	–	22,210
Canadian Wheat Board, The	–	55,263	55,263
Total	2,030,579	55,263	2,085,842

Portfolio investments

Portfolio investments represent investments in entities with share capital owned jointly by the Government and other governments or organizations to further common objectives. Additional information on these entities is provided in the quarterly report entitled *Inventory of Government of Canada Organizations*.

Under the terms of Section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of portfolio investments.

Table 9.11
Portfolio investments

(in dollars)

	April 1, 2015	Payments and other charges[1]	Receipts and other credits	March 31, 2016
Environment and Climate Change				
Parks Canada Agency				
Co-operative Housing Project	337,106	–	–	337,106
Finance				
Canada Pension Plan Investment Board	100			100
Global Affairs				
Foreign Affairs, Trade and Development				
Canada Investment Fund for Africa	51,474,742	–	4,603,730	46,871,012
Innovation, Science and Economic Development				
Atlantic Canada Opportunities Agency				
Equity investment	11,359,396		5,161	11,354,235
National Research Council of Canada				
Equity ownership	282,906			282,906
Western Economic Diversification				
North Portage Development Corporation	1			1
	11,642,303		*5,161*	*11,637,142*
Natural Resources				
Lower Churchill Development Corporation Limited	14,750,000			14,750,000
Treasury Board				
Public Sector Pension Investment Board	100		–	100
Total	78,204,351		4,608,891	73,595,460

[1] Payments and other charges may include transactions such as loans, adjustments, etc.

Co-operative housing project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with five other entities, to provide accommodation for Parks Canada employees and employees of other entities in Banff, Alberta.

Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board (CPPIB) was created pursuant to the *Canada Pension Plan Investment Board Act*. The CPPIB's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100 per cent of the share capital of the CPPIB that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the CPPIB are included in the CPP financial statements. They are excluded from the Government's consolidated financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: *(i)* $100 million or *(ii)* the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. The CIFA was dissolved on December 31, 2015 and is currently closing its operations. From thereon, the Department of Foreign Affairs, Trade and Development (DFATD) will only receive returns of capital. Since its inception, the Canadian International Development Agency (now amalgamated with DFATD) received capital reimbursement from CIFA amounting to $60.1 million and investment income of $8.2 million.

Equity investment

In order to help fulfill its mandate to promote economic development in the Cape Breton Region of Nova Scotia, Enterprise Cape Breton Corporation (ECBC) had taken equity interests in several companies to help the organizations expand or innovate.

Upon ECBC's dissolution on June 19, 2014, all of ECBC assets and obligations, except real property, were transferred to Atlantic Canada Opportunities Agency (ACOA). ACOA has been given the authority to hold or exercise, or surrender, sell, assign or otherwise dispose of, a stock option, share or other similar financial instruments that it acquires from ECBC or any of its subsidiaries.

Equity ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)*(b)* of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represent a minority interest in two publicly traded companies and one privately held company.

North Portage Development Corporation

The Corporation was incorporated under *The Corporations Act* of Manitoba, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 per cent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada. There are 3 common shares issued, having a par value of $1 each.

Lower Churchill Development Corporation Limited

The Lower Churchill Development Corporation (LCDC) was incorporated in 1978 under the *Companies Act* of Newfoundland, with the objective of developing all or part of the hydroelectric potential of the Lower Churchill Basin. It is owned 51 per cent by Newfoundland and Labrador Hydro, the designate for the Government of Newfoundland and Labrador, and 49 per cent by Canada. LCDC in not an active operating company.

Canada owns 1,475 class A shares, which it purchased for $10,000 per share in the initial years of the corporation. Funds were used to finance feasibility studies for proposed Lower Churchill projects. The corporation's only asset was an Option Right to purchase the Gull Island Production Company's assets and acquire hydroelectric development rights on the Lower Churchill River, granted by the Government of Newfoundland and Labrador in exchange for its initial ownership stake, valued at $5,200,000.

The option expired on November 24, 2006 and has not been extended by the province, resulting in an investment write-down for LCDC.

Public Sector Pension Investment Board

The Public Sector Pension Investment Board (PSPIB) was created pursuant to the *Public Sector Pension Investment Board Act*. Its mandate is to invest the amounts transferred since April 1, 2000 by the Government of Canada. These amounts represent contributions less benefits and other payments for the pension plans of the public service, Canadian Forces, Royal Canadian Mounted Police and since March 1, 2007 for the Reserve Force Pension Plan. The PSPIB's objective is to achieve maximum rates of return on investments, without undue risk of loss while respecting the funding, policies, requirements and financial obligations of those plans.

The Government holds 100 per cent of the share capital of the PSPIB that consists of 10 shares having a par value of $10 each issued as per legislation. The assets managed by the PSPIB are recorded against the pension obligations.

National governments including developing countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

Table 9.12
National governments including developing countries

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits	March 31, 2016
Finance				
Financial assistance—Ukraine	400,000,000			400,000,000
Global Affairs				
Foreign Affairs, Trade and Development				
International development assistance—Developing countries	164,384,438		9,110,505	155,273,933
Export Development Canada				
Development of export trade—National governments	423,553,028	39,296,269	52,111,655	410,737,642
	587,937,466	*39,296,269*	*61,222,160*	*566,011,575*
National Defence				
Damage claims recoverable—North Atlantic Treaty Organization		1,085	1,085	
Total	987,937,466	39,297,354	61,223,245	966,011,575

Financial assistance—Ukraine

Pursuant to Section 8.3 of the *Bretton Woods and Related Agreements Act*, the Minister of Finance, by order of the Governor in Council, is authorized to extend certain forms of financial assistance to a foreign state. The provision of such financial assistance is contingent upon that state having an arrangement with the International Monetary Fund and upon the satisfactory participation of other countries with Canada in the provision of financial assistance.

Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund. The maximum amount of financial assistance that can be provided under legislation is $2.5 billion USD in respect of any particular foreign state and $5 billion USD in respect of all foreign states.

As at March 31, 2016, the outstanding loan balance to the Ukraine was $400 million. There were no other balances or transactions in respect of Ukraine or other foreign states during the year.

These loans bear interest at rates ranging between 1.4 per cent and 2.1 per cent and have repayment term of 5 years.

International development assistance—Developing countries

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency, now amalgamated with the Department of Foreign Affairs, Trade and Development (DFATD), to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

In 2006–2007, the Government of Canada, as represented by the Canadian International Development Agency (now amalgamated with DFATD), entered into an agreement with the Government of Pakistan to forgive its outstanding $447,507,534 loan pursuant to Foreign Affairs and International Trade Vote 32c, *Appropriation Act No. 5, 2009–2010*. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments that are equivalent to the present value of its debt. According to the agreement, Pakistan's debt is to be written down proportionally as the investments are made. Since 2009–2010, the Government of Pakistan's debt has been reduced by the total amount of $324,893,067.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits[1]	March 31, 2016
(a) 30 year term, 7 year grace period, 3.0 per cent interest per annum, with final repayment in March 2005				
Cuba	9,547,012	–	–	9,547,012
(b) 35 year term, 4 year grace period, 5.0 per cent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:				
Egypt	44,995,933	–	–	44,995,933
(c) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	3,795,899	–	625,588	3,170,311
Argentina	46,666	–	18,666	28,000
Bolivia	296,766	–	42,396	254,370
Chile	245,154	–	245,154	–
Colombia	92,078	–	26,308	65,770
Dominican Republic	2,089,528	–	236,046	1,853,482
Ecuador	2,060,750	–	304,919	1,755,831
Guatemala	1,181,250	–	100,000	1,081,250
Indonesia	115,204,230	–	10,310,316	104,893,914
Malaysia	1,042,208	–	62,935	979,273
Malta	224,980	–	25,000	199,980
Mexico	6,928	–	2,771	4,157
Morocco	3,609,090	–	384,919	3,224,171
Pakistan	122,614,467	–		122,614,467
Paraguay	39,993	–	19,997	19,996
Peru	13,048	–	3,727	9,321
Philippines	966,154	–	145,740	820,414
Sri Lanka	53,871,893	–	4,294,215	49,577,678
Thailand	9,718,402	–	674,621	9,043,781
Tunisia	28,809,970	–	3,295,730	25,514,240
	345,929,454		*20,819,048*	*325,110,406*
(d) 50 year term, 13 year grace period, non-interest bearing, with final repayment in March 2023:				
Algeria	10,583,276	–	1,867,637	8,715,639
Subtotal	411,055,675	–	22,686,685	388,368,990
Less: portion expensed due to concessionary terms	246,671,237	–	13,576,180	233,095,057
Total	164,384,438	–	9,110,505	155,273,933

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

[1] Receipts and other credits may include transactions such as repayments, forgiveness, adjustments, etc.

Development of export trade—National governments

Pursuant to Section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada (EDC) to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where EDC has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by EDC on behalf of the Government of Canada.

Loan transactions with longer repayment terms or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 in Section 11 of this volume present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to national governments, together with their terms and conditions of repayments.

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2015	Payments or other charges[1]	Revaluation	Receipts or other credits[2]	Revaluation	March 31, 2016
Non-budgetary loans[3]						
(a) 1 to 5 year term, Canadian prime rate plus 0.35 per cent interest per annum, assumed from the Canadian Wheat Board (CWB), with final repayments in June 2016:						
Egypt	18,961,792		–	12,291,450	–	6,670,342
(b) 1 to 5 year term, 3.0 per cent to 9.0 per cent interest per annum, with final repayments in May 2019:						
Argentina	23,394,076	–	544,589	7,750,725	–	16,187,940
(c) 11 to 15 year term, based on 6 month London Interbank Offered Rate (LIBOR), plus 0.50 per cent interest per annum, assumed from CWB with final repayments in January 2028:						
Iraq	140,629,608		3,555,071	11,082,851	–	133,101,828
(d) 11 to 15 year term, interest based on LIBOR, plus a range of rates from 0.5 per cent to 1.0 per cent per annum, with final repayments between December 2019 and June 2020:						
Kenya	901,783	–	24,517	90,653	–	835,647
(e) 16 to 20 year term, interest based on LIBOR, plus a range of rates from 0.5 per cent to 0.63 per cent per annum, with final repayments between October 2018 and June 2021:						
Indonesia	483,425	–	12,167	57,808	–	437,784
Venezuela	20,298,023		231,731	9,929,523	–	10,600,231
	20,781,448		*243,898*	*9,987,331*	–	*11,038,015*
(f) 21 to 25 year term, 9.0 per cent to 10.0 per cent interest per annum, with final repayments in September 2000:						
Sudan	4,891,619		123,970	–		5,015,589
(g) 21 to 25 year term, interest based on LIBOR, plus 0.55 per cent per annum, with final repayments in November 2024:						
Pakistan	6,665,035		168,557	374,259		6,459,333
(h) 21 to 25 year term, based on 6 month LIBOR, plus 0.55 per cent interest per annum, assumed from CWB, with final repayments in November 2024:						
Pakistan	–	16,103,336	695,880	469,152		16,330,064
Total Non-budgetary loans	216,225,361	16,103,336	5,356,482	42,046,421	–	195,638,758
Budgetary loans[3]						
(a) 21 to 25 year term, 0 per cent to 3.5 per cent interest per annum, with final repayments between March 2011 and November 2015:						
Indonesia	1,676,490		92,699	1,769,189		
(b) 26 to 30 year term, 3.0 per cent interest per annum, with final repayments between December 2016 and April 2018:						
Algeria	1,574,000		–	568,000		1,006,000

(in dollars)

	April 1, 2015	Payments and other charges		Receipts and other credits		March 31, 2016
		Payments or other charges[1]	Revaluation	Receipts or other credits[2]	Revaluation	
(c) 31 to 55 year term, 0 per cent to 10.29 per cent interest per annum, with final repayments between September 2029 and February 2045:						
China	440,002,200		11,412,069	22,489,097		428,925,172
Egypt	7,861,526		66,197	349,749		7,577,974
Gabon	8,013,592		204,283	323,414		7,894,461
India	46,399,121		1,107,783	1,597,641		45,909,263
Jamaica	5,446,380		145,148	244,752		5,346,776
Morocco	77,027,932		2,134,337	3,515,552		75,646,717
Turkey	95,004,620		2,543,030	3,677,554		93,870,096
	679,755,371		*17,612,847*	*32,197,759*		*665,170,459*
(d) 31 to 55 year term, comprised of several loans with fixed or variable interest rates currently ranging from 0 per cent to 2.21 per cent per annum, with final repayments between December 2018 and December 2033:						
Kenya	4,980,610		130,905	304,131		4,807,384
Total—Budgetary loans	687,986,471		17,836,451	34,839,079		670,983,843
Subtotal	904,211,832	16,103,336	23,192,933	76,885,500		866,622,601
Less: portion expensed due to concessionary terms	480,658,804			24,773,845		455,884,959
Total	423,553,028	16,103,336	23,192,933	52,111,655		410,737,642

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

[1] Payments or other charges may include transactions such as loans, adjustments, etc.

[2] Receipts or other credits may include transactions such as repayments, forgiveness, adjustments, etc.

[3] Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently, they were authorized by miscellaneous budgetary authorities.

Damage claims recoverable—North Atlantic Treaty Organization

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

International organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.13.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.6 in Section 11 of this volume.

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses when the economic value is reduced due to their concessionary terms.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of $1 USD/$1.2987 CAD.

Tables 11.4 and 11.6 of Section 11 of this volume present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The notes payable outstanding at year end of $35,312,954 ($34,440,123 in 2015) are reported in Table 5.3 in Section 5 of this volume.

Table 9.13
International organizations

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2015	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31, 2016
Capital subscriptions[1]						
Finance						
European Bank for Reconstruction and Development	273,835,966	–	6,939,944	–	–	280,775,910
International Bank for Reconstruction and Development	545,558,359	–	13,410,589	–	–	558,968,948
International Development Association[2]	10,730,948,061	441,610,000	–	–	–	11,172,558,061
International Finance Corporation	103,027,777	–	2,611,078	–	–	105,638,855
Multilateral Investment Guarantee Agency	13,593,468	–	344,505	–	–	13,937,973
	11,666,963,631	*441,610,000*	*23,306,116*	–	–	*12,131,879,747*
Global Affairs						
Foreign Affairs, Trade and Development						
African Development Bank	263,345,255	34,833,444	6,998,157	–	–	305,176,856
Asian Development Bank	375,909,414	–	4,101,241	–	–	380,010,655
Caribbean Development Bank	49,713,462	–	1,101,734	–	–	50,815,196
Inter-American Development Bank	296,223,291	18,647,977	6,463,034	–	–	321,334,302
Inter-American Investment Corporation	1,899,900	–	48,150	–	–	1,948,050
	987,091,322	*53,481,421*	*18,712,316*	–	–	*1,059,285,059*
	12,654,054,953	*495,091,421*	*42,018,432*	–	–	*13,191,164,806*

Table 9.13
International Organizations—*concluded*

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2015	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31, 2016
Loans and advances						
Finance						
Global Environment Facility[2]	10,000,000		–	–	–	10,000,000
International Finance Corporation						
Financial Mechanism for Climate Change Facility	327,641,782		–	5,355,595	–	322,286,187
Global Agriculture and Food Security Program	47,721,000			1,468,519	–	46,252,481
International Monetary Fund						
Poverty Reduction and Growth Trust[1]	118,895,364	160,760,887	6,739,182	14,388,001	–	272,007,432
	504,258,146	*160,760,887*	*6,739,182*	*21,212,115*	–	*650,546,100*
Global Affairs						
Foreign Affairs, Trade and Development						
International financial institutions[2]						
African Development Bank	718,895	–	–	125,000	–	593,895
African Development Fund	2,664,515,879	103,100,000	2,407,498		–	2,770,023,377
Andean Development Corporation	1,062,500	–	–	125,000	–	937,500
Asian Development Bank – Special	27,027,000	–		–	–	27,027,000
Asian Development Fund	2,258,195,008	47,690,124	–	–	–	2,305,885,132
Caribbean Development Bank						
Agricultural Development Fund	2,000,000		–		–	2,000,000
Caribbean Development Bank						
Commonwealth Caribbean Regional	5,066,400	128,400			–	5,194,800
Caribbean Development Bank – Special	321,281,205	16,705,000	402,855		–	338,389,060
Central American Bank for Economic Integration	191,280	–	–	76,500	–	114,780
Global Environment Facility Trust Fund	781,070,000	54,750,000	–		–	835,820,000
Inter-American Development Bank						
Fund for Special Operations	388,505,450	980,034	5,799,768	–	–	395,285,252
International Bank for Reconstruction and Development	25,332,000	–	642,000	–	–	25,974,000
International Fund for Agriculture Development	379,383,396	50,000,000	–		–	429,383,396
International Monetary Fund	13,893,883	–	352,119		–	14,246,002
Montreal Protocol Multilateral Fund	107,969,645	5,294,831	856,571		–	114,121,047
Multilateral Investment Fund	49,308,294	–	–	–	–	49,308,294
	7,025,520,835	*278,648,389*	*10,460,811*	*326,500*	–	*7,314,303,535*
International organizations and associations[1]						
Berne Union of the World Intellectual						
Property Organization	39,192	–	–	–	–	39,192
Customs Co-operation Council	9,662	–	–	–	–	9,662
Food and Agriculture Organization	1,051,200	–	–	–	–	1,051,200
General Agreement on Tariffs and Trade	48,806	–	–	–	–	48,806
International Atomic Energy Agency	447,110	–	–	–	–	447,110
International Civil Aviation Organization	200,429	–	–	–	–	200,429
International Maritime Organization	2,202	–	–	–	–	2,202
Paris Union of the World Intellectual						
Property Organization	100,989	–	–	–	–	100,989
United Nations Educational, Scientific and						
Cultural Organization	872,987	–	–	–	–	872,987
United Nations organizations	3,632,480	–	–	–	–	3,632,480
World Health Organization	181,122	–	–	–	–	181,122
	6,586,179	–	–	–	–	*6,586,179*
	7,536,365,160	*439,409,276*	*17,199,993*	*21,538,615*		*7,971,435,814*
Subtotal	20,190,420,113	934,500,697	59,218,425	21,538,615		21,162,600,620
Less: portion expensed due to concessionary terms	1,419,817			166,492		1,253,325
Total	20,189,000,296	934,500,697	59,218,425	21,372,123		21,161,347,295

[1] Loans and investments made prior to April 1, 1986 which were authorized by non-budgetary authorities.

[2] Loans and investments made since April 1, 1986 which were authorized by budgetary authorities.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year end, Canada has subscribed to 102,049 shares of the EBRD's authorized capital valued at 1,020,490,000 EUR.

Only 212,850,000 EUR or about 21 per cent of Canada's share subscription is considered "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

Canada's contingent liability for the callable portion of its shares was 807,640,000 EUR.

Up to and including March 31, 2016, Canada's total cash contributions into the "paid-in" capital of the EBRD total $216,197,668 USD.

International Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (World Bank), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2016, Canada has subscribed to 58,354 shares. The total value of these shares is $7,039,534,790 USD, of which $417,775,385 USD plus $16,404,055 CAD has been paid-in. The remaining portion is callable.

The callable portion is subject to call by the World Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is $6,606 million USD.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote 10, *Appropriation Act No. 2, 2015–2016*). The contributions and subscriptions to IDA, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace).

As at March 31, 2016, Canada's total participation in IDA amounted to $11,172,558,061 CAD.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2016, Canada has subscribed to 81,342 shares. These shares have a total value of $81,342,000 USD, all of which has been paid-in.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2016, Canada has subscribed to 5,225 shares. The total value of these shares is $56,534,500 USD, of which $10,732,250 USD is paid-in and the remaining portion is callable.

The callable portion is subject to call by the Multilateral Investment Guarantee Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is $45,802,250 USD.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 18,146 paid-in shares and 228,171 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2016, Canada's participation to the paid-in capital is $305,176,856 CAD for 17,833 paid-in shares and of these paid-in shares, 13,305 were issued in US dollars.

The callable shares are subject to call by the African Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $984,917,646 CAD and $2,487,840,899 USD for a total value of $4,215,876,621 CAD.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 27,768 paid-in shares and 527,490 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2016, Canada's participation to the paid-in capital is $380,010,655 CAD for 27,768 paid-in shares. Of these paid-in shares, 25,398 were issued in US dollars.

The callable shares are subject to call by the Asian Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $6,363,375,615 USD for a total value of $8,264,115,911 CAD.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 5,710 paid-in shares and 20,294 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2016, Canada's participation to the paid-in capital is $50,815,196 CAD for 5,710 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Caribbean Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $122,408,132 USD for a total value of $158,971,440 CAD.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 20,034 paid-in shares and 547,005 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2016, Canada's participation to the paid-in capital is $321,334,302 CAD for 20,034 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Inter-American Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $6,598,757,829 USD for a total value of $8,569,806,792 CAD.

Inter-American Investment Corporation

This account records Canada's subscriptions to the capital of the Inter-American Investment Corporation, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 4,088 paid-in shares. Paid-in shares are purchased using direct payments.

As at March 31, 2016, Canada's participation to the paid-in capital is $1,948,050 CAD for 150 paid-in shares. These shares were issued in US dollars.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

As at March 31, 2016, advances to the GEF amounted to $10,000,000 CAD.

International Finance Corporation—Financial Mechanisms for Climate Change Facility

This account records Canada's financial support of the International Finance Corporation's (IFC)—Financial Mechanisms for Climate Change (FMCC) Facility as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L12b, *Appropriation Act No. 4, 2010–2011* and Vote L17c, *Appropriation Act No. 5, 2012–2013*). The FMCC supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional and commercial financing arrangements.

As at March 31, 2016, advances to the IFC-FMCC amounted to $322,286,187 CAD. During the year, amounts were recovered through the FMCC trust mechanism based on the terms and conditions of project funding which is administered by the IFC in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Finance Corporation—Global Agriculture and Food Security Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the G8 Food Security Initiative (FSI) as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2016, advances to the IFC-FSI amounted to $46,252,481 CAD.

During the year, amounts for front-end and commitment fees, interest and capital were repaid in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Monetary Fund—Poverty Reduction and Growth Trust

This account records the loan to the International Monetary Fund's Poverty Reduction and Growth Trust (formerly the Poverty Reduction and Growth Facility) in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at $550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 1.2 billion.

As at March 31, 2016, Canada has lent a total of SDR 851,520,000 to the Poverty Reduction and Growth Trust. Of this amount, SDR 702,852,000 has been repaid.

The outstanding balance of SDR 148,668,000 was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /$1.82963 CAD). During the year, transactions included repayments and an exchange valuation adjustment.

Separately, Canada has also made budgetary contributions towards an interest subsidy amounting to SDR 215,157,946, which do not appear in Table 9.13.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs, Trade and Development Votes 20c and L25c).

Loans and advances are made using direct payments. During the year, transactions included loans and advances made through direct payments and revaluations for foreign currency fluctuations.

International organizations and associations

These items represent the value of payments established in 2006 made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

Provincial and territorial governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

Table 9.14
Provincial and territorial governments

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits	March 31, 2016
Finance				
Newfoundland and Labrador				
Federal-provincial fiscal arrangements	290,124,428	-	18,936,328	271,188,100
Municipal Development and Loan Board	315,626	-	-	315,626
Winter capital projects fund	2,836,758	-	-	2,836,758
	293,276,812	-	*18,936,328*	*274,340,484*
Nova Scotia				
Federal-provincial fiscal arrangements	33,319,584	-	33,319,584	-
Prince Edward Island				
Federal-provincial fiscal arrangements	4,561,136	-	3,907,784	653,352
Winter capital projects fund	63,079	-	-	63,079
	4,624,215	-	*3,907,784*	*716,431*
New Brunswick				
Federal-provincial fiscal arrangements	20,832,056	-	20,832,056	-
Quebec				
Federal-provincial fiscal arrangements	164,105,128	73,629,000	283,391,878	(45,657,750)
Ontario				
Federal-provincial fiscal arrangements	105,255,488	-	15,036,504	90,218,984
Manitoba				
Federal-provincial fiscal arrangements	4,697,536	-	4,697,536	-
Saskatchewan				
Federal-provincial fiscal arrangements	156,549,936	-	23,660,128	132,889,808
Alberta				
Federal-provincial fiscal arrangements	2,297,264	-	2,297,264	-
British Columbia				
Comprehensive Integrated Tax Coordination Agreement	319,800,000	-	319,800,000	-
Federal-provincial fiscal arrangements	60,097,064	-	60,097,064	-
	379,897,064	-	*379,897,064*	-
Subtotal	1,164,855,083	73,629,000	785,976,126	452,507,957
Less: portion expensed due to concessionary terms	52,715,171	-	19,239,304	33,475,867
Total	1,112,139,912	73,629,000	766,736,822	419,032,090

Federal-provincial fiscal arrangements

These amounts represent net overpayments in respect of transfer payments to provinces under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authorities.

The overpayments are non-interest bearing and will be repaid by reducing transfer payments in subsequent years.

Municipal Development and Loan Board

Loans have been made to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 per cent to 5.375 per cent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years.

Winter capital projects fund

Loans have been made to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4 per cent to 9.5 per cent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

Comprehensive Integrated Tax Coordination Agreement

Transitional assistance that had been paid to British Columbia as part as a Comprehensive Integrated Tax Coordination Agreement with Canada was recovered in equal annual instalments with final payment received in March 2016.

The government has not collected interest on these amounts.

During the year, the account was closed.

Other loans, investments and advances

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

Table 9.15
Other loans, investments and advances

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits	March 31, 2016
Unconditionally repayable contributions				
Agriculture and Agri-Food	115,950,213	25,051,872	22,767,218	118,234,867
Global Affairs				
Foreign Affairs, Trade and Development	525,000,000			525,000,000
Innovation, Science and Economic Development				
Industry	882,294,234	1,374,720,499	312,374,690	1,944,640,043
Atlantic Canada Opportunities Agency	347,257,740	58,135,778	66,265,185	339,128,333
Economic Development Agency of Canada for the Regions of Quebec	443,465,744	91,487,739	67,473,970	467,479,513
Federal Economic Development Agency for Southern Ontario	182,281,073	77,343,103	32,892,857	226,731,319
Western Economic Diversification	30,004,266	19,920,331	2,695,963	47,228,634
	1,885,303,057	*1,621,607,450*	*481,702,665*	*3,025,207,842*
Subtotal	2,526,253,270	1,646,659,322	504,469,883	3,668,442,709
Less: portion expensed due to concessionary terms	245,890,377	9,449,873	18,276,404	237,063,846
Total — Unconditionally repayable contributions	2,280,362,893	1,637,209,449	486,193,479	3,431,378,863
Loans and accountable advances				
Global Affairs				
Foreign Affairs, Trade and Development				
Missions abroad	46,017,787	177,505,542	180,879,307	42,644,022
Personnel posted abroad	22,512,773	16,910,409	15,045,777	24,377,405
	68,530,560	*194,415,951*	*195,925,084*	*67,021,427*
National Defence				
Imprest accounts, standing advances and authorized loans	36,229,547	132,335,461	129,707,453	38,857,555
Other departments				
Miscellaneous accountable advances	21,094,306	16,772,875	17,959,042	19,908,139
Miscellaneous accountable imprest funds and standing advances	20,023,503	721,252	455,916	20,288,839
	41,117,809	*17,494,127*	*18,414,958*	*40,196,978*
Total — Loans and accountable advances	145,877,916	344,245,539	344,047,495	146,075,960
Other				
Agriculture and Agri-Food				
Construction of multi-purpose exhibition buildings	35,593			35,593
Hog Industry Loan Loss Reserve Program	187,678,432		55,278,546	132,399,886
National Marketing Programs	277,889,614	32,073,044	49,236,986	260,725,672
	465,603,639	*32,073,044*	*104,515,532*	*393,161,151*
Families, Children and Social Development				
Employment and Social Development				
Canada apprentice loans	18,808,790	68,803,068	2,340,587	85,271,271
Canada Student Loans Program	17,607,570,547	4,311,093,736	3,622,683,952	18,295,980,331
Provincial workers' compensation boards	13,607,001			13,607,001
	17,639,986,338	*4,379,896,804*	*3,625,024,539*	*18,394,858,603*
Finance				
Canadian Commercial Bank	42,202,293			42,202,293
Financial Consumer Agency of Canada — Advances	4,000,000	8,000,000	12,000,000	
	46,202,293	*8,000,000*	*12,000,000*	*42,202,293*
Fisheries, Oceans and the Canadian Coast Guard				
Fisheries and Oceans				
Canadian producers of frozen groundfish	128,315			128,315
Haddock fishermen	1,343,337			1,343,337
	1,471,652			*1,471,652*

Table 9.15
Other loans, investments and advances—*concluded*

(in dollars)

	April 1, 2015	Payments and other charges	Receipts and other credits	March 31, 2016
Global Affairs				
Export Development Canada				
Support and development of trade	2,772,322,727	66,147,900	171,883,928	2,666,586,699
Immigration, Refugees and Citizenship				
Citizenship and Immigration				
Immigration loans	42,833,344	17,301,999	13,580,351	46,554,992
Indigenous and Northern Affairs				
Indian Affairs and Northern Development				
Council of Yukon First Nations – Elders	2,469,055		691,300	1,777,755
Farm Credit Canada Guarantee Loans Program	103,695			103,695
First Nations in British Columbia	505,895,962	18,729,431	1,844,831	522,780,562
Indian Economic Development Fund	43,149			43,149
Indian Economic Development Guarantee Loans Program	422,127			422,127
Inuit Loan Fund	71,457			71,457
Native Claimants	444,656,491	19,232,248	8,260,570	455,628,169
On Reserve Housing Guarantee Loans Program	9,263,159	2,156,452	461,733	10,957,878
Stoney Band Perpetual Loan	389,615			389,615
	963,314,710	*40,118,131*	*11,258,434*	*992,174,407*
Innovation, Science and Economic Development				
Industry				
Manufacturing, processing and service industries in Canada	110,000,000			110,000,000
Other business loans	77,963,193	62,791,651	68,330,038	72,424,806
National Research Council of Canada				
H.L. Holmes Fund	5,005,889	63,866		5,069,755
	192,969,082	*62,855,517*	*68,330,038*	*187,494,561*
Natural Resources				
Nordion International Inc	42,000,000		42,000,000	
Public Services and Procurement				
Public Works and Government Services				
Seized Property Working Capital Account	(12,206,001)	44,440,992	34,983,862	(2,748,871)
Transport				
Greater Victoria Harbour Authority	2,151,269		42,720	2,108,549
St. Lawrence Seaway Management Corporation	173,698			173,698
	2,324,967		*42,720*	*2,282,247*
Treasury Board				
Federal Public Service Heatlh Care Administration Authority	574,965	2,066,051	2,082,164	558,852
Joint Learning Program	628,022	1,909,207	2,274,108	263,121
	1,202,987	*3,975,258*	*4,356,272*	*821,973*
Veterans Affairs				
Commonwealth War Graves Commission	56,376		414	55,962
Veterans' Land Fund				
Advances	5,523		3,716	1,807
	61,899		*4,130*	*57,769*
Other departments				
Transition payments – Pay in arrears	691,612,328	5,623,191	31,847,086	665,388,433
Miscellaneous	399,678	55,258	144,223	310,713
	692,012,006	*5,678,449*	*31,991,309*	*665,699,146*
Subtotal – Other	22,850,099,643	4,660,488,094	4,119,971,115	23,390,616,622
Less: portion expensed due to concessionary terms and other discounts	99,078,750		34,178,995	64,899,755
	22,751,020,893	4,660,488,094	4,085,792,120	23,325,716,867
Add: consolidation adjustment[1]	3,068,549,000		374,543,000	2,694,006,000
Total – Other	25,819,569,893	4,660,488,094	4,460,335,120	26,019,722,867
Total	28,245,810,702	6,641,943,082	5,290,576,094	29,597,177,690

[1] Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

Unconditionally repayable contributions

Unconditionally repayable contributions are, in substance loans, and are generally made to businesses pursuant to various Acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments generally due within up to 10 years of initial disbursement.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

Missions abroad

Non-interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of Foreign Affairs, Trade and Development and other departments and agencies.

The total amount authorized to be outstanding at any time is $50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is $38,200,000, as last amended by Foreign Affairs and International Trade Vote L12c, *Appropriation Act No. 5, 2009-2010*.

The closing balance consists of loans to employees, $17,711,250; advances for medical expenses, $1,321,694; advances for workmen's compensation, $6,358; security and other deposits under Foreign Service Directives, $2,714,995 and, school and club debentures, $2,623,108.

The loans to employees bear interest at rates from 0.75 per cent to 2.5 per cent per annum, and are repayable within 4 years, with final instalments between April 1, 2016 and March 1, 2019.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: *(a)* public funds imprest and public funds advance accounts; *(b)* standing advances; *(c)* authorized loans and advances to employees posted abroad; and *(d)* authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is $120,000,000, as last amended by National Defence Vote L11b, *Appropriation Act No. 4, 2001-2002*.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest funds and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is $22,000,000.

Construction of multi-purpose exhibition buildings

The remaining loan has been made to finance the construction of a multi-purpose exhibition building.

Hog Industry Loan Loss Reserve Program

Loans made by financial institutions under the Hog Industry Loan Loss Reserve Program are partially guaranteed by the Crown. Where the producers have defaulted and the lenders have carried out regular collection activities, the Crown becomes subrogated to the lender's rights against the producer in default, to the extent of an amount equal to the withdrawal from the Reserve Fund.

National Marketing Programs

Loans made by financial institutions under the *Canadian Agricultural Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

Canada apprentice loans

Canada apprentice loans are administrated under the authority of Section 4 of the *Apprentice Loans Act* which came into effect on January 2, 2015. The Minister of Families, Children and Social Development is authorized to enter into a loan agreement directly with any eligible apprentice. The loans bear interest at either a variable rate (prime rate plus 2.5 per cent) or a fixed rate (prime rate plus 5.0 per cent). Apprentices are not required to pay interest on their loans while they are still in their apprenticeship program. The typical repayment period is 10 years, but the maximum period is 15 years. Borrowers having difficulty repaying their loans may be eligible for assistance under the Repayment Assistance Plan.

The total amount of apprentice loans issued under the authority of the *Apprentice Loans Act* may not exceed $1.5 billion. The total amount of outstanding apprentice loans as at March 31, 2016 amounts to $85,271,271 ($18,808,790 as at March 31, 2015). During the year, no loans were written off (none as at March 31, 2015).

Canada Student Loans Program

Since August 1, 2000, Canada Student Loans are issued under the Direct Loan Regime. Before this date, the loans were issued under the Guaranteed Loan Regime (1964-1995) or under the Risk-Shared Loan Regime (1995-2000). Under these three different regimes, no security is received from the students and the loans bear interest at either a variable rate (prime rate plus 2.5 per cent) or a fixed rate (prime rate plus 5.0 per cent). Students are not required to pay interest on their loans while they are still studying. The typical repayment period is 10 years, but the maximum period is 15 years. Borrowers having difficulty repaying their loans may be eligible for assistance under the Repayment Assistance Plan.

The total amount of direct loans issued under the authority of the *Canada Student Financial Assistance Act* and outstanding risk-shared loans bought-back by Employment and Social Development may not exceed 24 billion dollars.

During the year, loans and interest receivable on these loans totaling $172,045,002 ($287,430,643 as at March 31, 2015) were written off by Employment and Social Development Vote 9c from the *Appropriation Act No. 5, 2015-16* and $95,293,311 ($111,122,408 as at March 31, 2015) were written off pursuant to Section 25.1 of the *Financial Administration Act*. In addition, loans and interest receivable on these loans totalling $238,236,858 ($209,757,496 as at March 31, 2015) were forgiven as per the *Canada Student Financial Assistance Act* and $34,696 ($37,163 as at March 31, 2015) were forgiven as per the *Canada Student Loans Act*.

Direct loans to students

Loans issued on or after August 1, 2000 are administered under the authority of Section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Families, Children and Social Development to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Families, Children and Social Development with the concurrence of the Minister of Finance. The total amount of outstanding direct loans as at March 31, 2016 amounts to $18,091,457,031 ($17,340,771,357 as at March 31, 2015).

Risk-shared student loans

Loans issued prior to August 1, 2000 and on or after August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2016 amounts to $68,353,582 ($96,701,249 as at March 31, 2015) for loans owned by Employment and Social Development and $966,926,519 ($1,086,269,018 as at March 31, 2015) for loans under the current ownership of the financial institutions.

Guaranteed student loans

Loans issued prior to August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Loans Act*. The total amount of loans outstanding as at March 31, 2016 amounts to $136,169,718 ($170,097,941 as at March 31, 2015) for loans owned by Employment and Social Development and $5,530,501 ($7,847,771 as at March 31, 2015) for loans under the current ownership of the financial institutions.

Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6)*(b)* and *(e)* of the *Government Employees Compensation Act*, to provide funds to enable provincial workers' compensation boards to administer claims on behalf of the Crown, and provide compensation benefits to Canadian Government employees injured or ill in the course of their employment.

The total amount of advances that is authorized to be made for each provincial workers' compensation board is not to exceed three months' disbursements for compensation.

The advances are subject to the terms and conditions of agreements with provincial workers' compensation boards and are to be repaid on termination of those agreements.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

Financial Consumer Agency of Canada

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 per cent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is $1,650,000.

The loans bore interest at the rate of 8 per cent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Support and development of trade

Pursuant to Section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada (EDC) to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where EDC has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by EDC on behalf of the Government of Canada.

EDC's mandate is to support and develop, directly or indirectly, Canada's export trade, and Canadian capacity to engage in that trade and respond to international business opportunities. In 2014, new regulations came into force which clarify the circumstances in which EDC can provide support within Canada in fulfillment of its mandate. During the year, no Canada Account transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 of Section 11 of this volume present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements of Section 2 of this volume.

The following table presents the balances and transactions for loans made to non-sovereign entities, together with their terms and conditions of repayments.

(in dollars)

		Payments and other charges		Receipts and other credits		
	April 1, 2015	Payments or other charges[1]	Revaluation	Receipts or other credits[2]	Revaluation	March 31, 2016
Export trade						
(a) 6 to 10 year term, 8.28 per cent to 10.28 per cent interest per annum, with final repayments between February 2008 and April 2011						
Antigua	37,998		963			38,961
(b) 11 to 15 year term, comprised of several loans with fixed or variable interest rates currently ranging from 2.44 per cent to 4.18 per cent per annum, with final repayments between May 2021 and November 2022:						
Sweden	33,198,753		910,229	4,585,650		29,523,332
(c) 16 to 20 year term, comprised of several loans with fixed or variable interest rates currently ranging from 1.85 per cent to 5.89 per cent per annum, with final repayments between December 2017 and March 2023:						
United States	1,017,371,096		22,367,853	165,987,367		873,751,582
(d) Term loan, interest based on the higher of 2.0 per cent or London Interbank Offered Rate (LIBOR), plus a range of rates from 3.0 per cent to 8.0 per cent interest per annum, with final repayments between June 2009 and July 2010						
United States	1,721,448,494		42,863,321	1,310,911		1,763,000,904
Insurance claims paid during the year:						
United States	266,386		5,534			271,920
Subtotal	2,772,322,727		66,147,900	171,883,928		2,666,586,699
Less: portion expensed due to concessionary terms						
Total – Export trade	2,772,322,727		66,147,900	171,883,928		2,666,586,699

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

[1] Payments or other charges may include transactions such as loans, adjustments, etc.

[2] Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is $110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, bearing interest at rates from 0.76 per cent to 9.06 per cent per annum, with final instalments between April 1, 2016 and April 1, 2022, $46,544,861; and

(b) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, non-interest bearing, with final instalments past due, $10,131.

Council of Yukon First Nations—Elders

Loans have been made to the Council of Yukon First Nations to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and

(c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the loan agreement or promissory note, whichever date is earlier.

All the loans outstanding at year end bear interest at rates from 2.28 per cent to 6.00 per cent per annum.

Farm Credit Canada Guarantee Loans Program

The Farm Credit Canada guarantee loans program was discontinued as of November 14, 1989. The last active loan guarantee has expired and no future loan guarantees will be given under this program.

As of March 31, 2016, the outstanding amount represents the remaining defaulted loans reimbursed to the lenders by the Minister. These loans are deemed unrecoverable and the balance will be written off in future years.

First Nations in British Columbia

Loans have been made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L20, *Appropriation Act No.2, 2015-2016*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;

(b) loans made before April 1, 2004 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;

(c) loans made between April 1, 2004 and March 31, 2016 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period; and

(d) loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:

  i. date on which the treaty is settled;

  ii. twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;

  iii. seventh anniversary after the signing of an agreement-in-principle; or

  iv. date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest-bearing and non-interest bearing portions of the loans outstanding at year end are $14,583,196 and $508,197,366 respectively. Rates are from 0.6594 per cent to 4.545 per cent per annum for the interest-bearing portion.

Indian Economic Development Fund

Loans have been made for the purposes of economic development of Indians to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is $48,550,835, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996-97*.

All outstanding loans bear interest at rates from 7 per cent to 11.25 per cent per annum.

Indian Economic Development Guarantee Loans Program

The Indian Economic Development Guarantee authority, established under Vote L53b, *Appropriation Act No. 1, 1970*, amended under P.C. 1977-3608, authorized the department to guarantee loans for Indian businesses on a risk-sharing basis with commercial lenders. The guarantee level is not to exceed at any time $60,000,000, less the total amount of payments made to implement previous guarantees under that authority.

Simple interest, usually based on a percentage plus the prime rate, will accrue on the debt after payout. All payments, including accrued interest, remain as a debt of the client until recovered in full.

Inuit Loan Fund

Loans have been made to individual Inuit or groups of Inuit to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is $6,633,697, as last amended by Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995-96*.

The remaining loan bears interest at a rate of 5.50 per cent per annum.

Native claimants

Loans have been made to native claimants to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L15, *Appropriation Act No. 2, 2015-2016*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and

(c) loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are $58,223,312 and $397,404,857 respectively. Rates are from 0.69 per cent to 11.89 per cent per annum for the interest-bearing portion.

On Reserve Housing Guarantee Loans Program

On Reserve Housing guarantees provide needed support to Indian or Indian bands residing on reserves or Crown land. Reserves are, as such, non-mortgageable and the ministerial guarantee provides security to the lending institution in the event of a default by the client.

The total amount authorized to be outstanding at any time is $2.2 billion, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 2008-2009*.

If a loan made under the Minister's guarantee goes into default, the lender has recourse to the Minister for reimbursement. In 1987, a reserve for losses of $2 million per annum was established within the department's reference levels to cover all Guarantee Loan Programs administered by Indian Affairs and Northern Development. Such payments remain a debt of the First Nation to the Crown and interest is accrued and capitalized on these debts at the contract interest rate applicable at the time the loan was assigned to the Minister. Recovery of the debt is made to the extent possible, from the security used as collateral, such as land claim funds, or through repayment agreements.

Stoney Band Perpetual Loan

In 1946, loans were made to Stoney Band of Alberta (Band) for land acquisition beyond their treaty entitlement.

A loan not exceeding $500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources, to provide interest payments at the rate of 3 per cent annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots $200,000 to the Pekisko Group, and $300,000 for the additions to Morley Reserve.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

Loans are authorized by Industry Vote L20, *Appropriation Act No. 2*. During the year, no loans were issued.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

Other business loans

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Small Business Loans Act*, the *Canada Small Business Financing Act*, the capital leasing pilot project and the *Department of Industry Act*. These authorities provide for the payment of claims or the sharing of loan losses between lenders and the Government.

H.L. Holmes Fund

This account was established pursuant to paragraph 5(1)*(f)* of the *National Research Council Act* to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Nordion International Inc.

A $100 million loan has been made to Nordion International Inc. for the construction of two nuclear reactors and related processing facilities to be used in the production of medical isotopes pursuant to an agreement reached on June 28, 1996 between MDS Health Group Ltd., Nordion International Inc. and Natural Resources Canada.

The secured loan was interest-free and fully repayable over 15 years commencing 42 months after the first loan drawdown was made. The final repayment was received on April 1, 2015.

During the year, the account was closed.

Seized Property Working Capital Account

This account was established by Section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is $50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

Greater Victoria Harbour Authority

The Victoria Harbour loan receivable relates to the sale of a parcel of Victoria Harbour land. A discount of $356,131 is recorded to reflect the concessionary nature of the loan.

The loan bears interest at the rate of 4.9 per cent per annum, and is repayable over 15 years, with the final instalment on May 9, 2020.

St. Lawrence Seaway Management Corporation

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The loan bore interest at a rate of prime plus 2.0 per cent per annum. The final instalment of the existing terms was anticipated for March 2013. During the year 2014, a reclassification was done to transfer the accumulated interest to the capital portion.

As of March 31, 2016, the remaining amount of this loan is deemed unrecoverable and parliamentary authority is required to write-off the balance.

Federal Public Service Health Care Administration Authority

The Federal Public Service Health Care Plan Administration Authority (referred to as the Administration Authority) was incorporated, without share capital, under subsection 7.2(1) of the *Financial Administration Act* effective May 1, 2007. Effective May 31, 2007, the assets and liabilities of the Public Service Health Care Plan (PSHCP) were transferred to the Government of Canada and to the Administration Authority as directed by the President of the Treasury Board of Canada and consistent with the Trust Agreement, which terminated May 31, 2007.

The Administration Authority is charged with the administration of the PSHCP. Its objective is to ensure that benefits and services to Plan members and their covered dependents, as defined in the PSHCP documentation, are delivered in a manner that ensures the effective and efficient administration of the PSHCP. Payments are made to the Administration Authority under Vote 20 and are authorized under the terms of reference of the funding agreement between the President of the Treasury Board and the Administration Authority. The funding agreement allows for the transfer of funds from the Treasury Board of Canada Secretariat to the Administration Authority in four quarterly instalments upon approval of the operating budget by the Secretary of the Treasury Board of Canada. These quarterly instalments are made in advance and actual expenses are recorded upon approval of the Administration Authority's Quarterly Financial Report.

Joint Learning Program

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). Following the collective bargaining round of October 2004, 2008 and subsequently of 2010, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a negotiated partnership between PSAC and the Treasury Board of Canada Secretariat (TBS).The objective of the JLP is to improve labour relations in the public service. It is intended to provide joint union-management learning opportunities in areas where both parties have roles and responsibilities, and for which the employer does not already have a legal obligation to provide training.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 3-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every three months, the advance is reversed and the expenditure is recorded.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was 30,000 GBP. This balance was converted to Canadian dollars, using the year-end rate of exchange. The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is $605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978–1979. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Other departments—Transition payments—Pay in arrears

During the 2014-2015 fiscal year, a one-time payment was issued to employees as a result of the implementation of pay in arrears. This amount will be recovered from the employees upon their departure from the public service. The amount at year-end represents the balance to be recovered in the future.

Other departments—Miscellaneous

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

Consolidation adjustment

The consolidation adjustment reflects the total loans, investments and advances held by consolidated Crown corporations and other entities. These mainly include investments such as bonds, money market funds and fixed income securities.

Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated net recoverable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

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Section 10

2015–2016

Public Accounts of Canada

Non-financial assets

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Non-financial assets

Non-financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business. For financial reporting purposes, tangible capital assets are grouped in the following categories: land, buildings, works and infrastructure, machinery and equipment, vehicles, leasehold improvements, assets under construction, and assets under capital leases.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses and other are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service.

Table 10.1 presents the non-financial assets by category.

Table 10.1
Non-financial assets by category

(in thousands of dollars)

	March 31, 2016	March 31, 2015
Net tangible capital assets, Table 10.2		
Land	1,665,250	1,604,805
Buildings	14,948,686	14,414,181
Works and infrastructure	6,433,048	6,273,001
Machinery and equipment	9,851,603	9,313,628
Vehicles, Table 10.3	16,367,357	14,234,608
Leasehold improvements	1,170,515	1,205,890
Assets under construction	12,574,468	13,358,804
Assets under capital leases, Table 10.4	2,826,935	2,942,291
	65,837,862	*63,347,208*
Inventories	7,221,554	7,250,094
Prepaid expenses and other	4,705,789	4,031,737
Total	77,765,205	74,629,039

Chart 10A
Non-financial assets by category at March 31, 2016

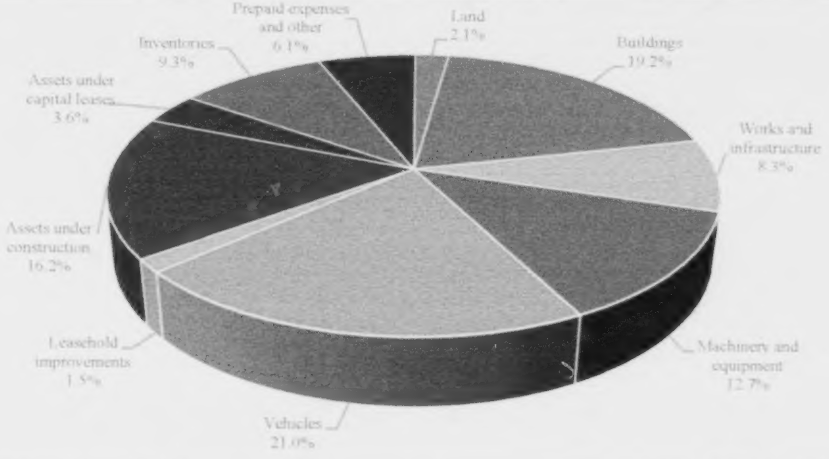
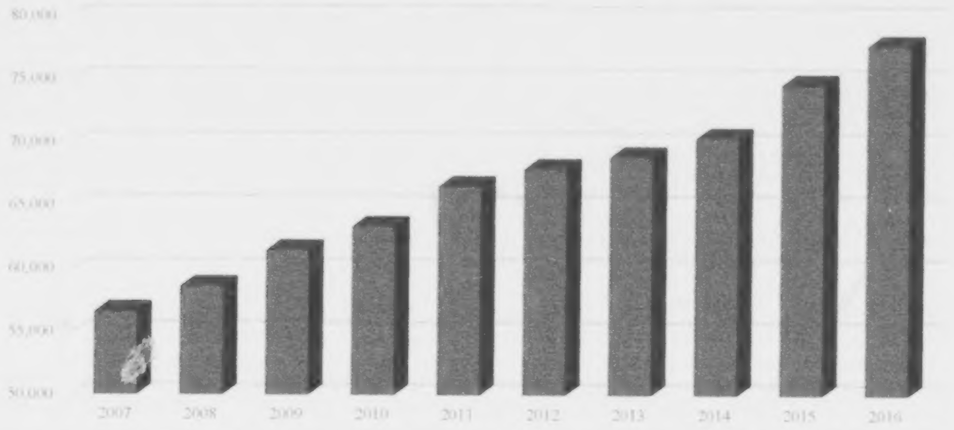


Chart 10B
Non-financial assets at March 31, 2016

(in millions of dollars)



Tangible capital assets

Table 10.2 presents tangible capital assets by main custodian ministries.

Table 10.2
Tangible capital assets by main custodian ministries

(in thousands of dollars)

	Land	Buildings	Works and infrastructure	Machinery and equipment
Capital assets at cost				
Environment and Climate Change	207,174	1,078,504	3,140,624	892,147
Fisheries, Oceans and the Canadian Coast Guard	22,217	730,337	2,493,802	489,400
Global Affairs	257,710	1,603,224	8,238	179,905
Innovation, Science and Economic development	11,338	955,265	49,323	2,492,729
National Defence	87,358	10,905,537	2,586,001	20,871,653
Public Safety and Emergency Preparedness	84,786	4,654,612	773,508	1,916,458
Public Services and Procurement	243,002	5,394,606	1,321,374	1,997,598
Transport	276,119	829,962	2,706,583	230,977
Other ministries	62,692	1,626,853	93,503	3,499,178
	1,252,396	*27,778,900*	*13,172,956*	*32,570,045*
Consolidated Crown corporations and other entities	412,854	2,799,259	1,898,647	3,015,376
Gross total capital assets	1,665,250	30,578,159	15,071,603	35,585,421
Accumulated amortization				
Environment and Climate Change	—	737,502	1,885,774	615,374
Fisheries, Oceans and the Canadian Coast Guard	—	475,909	1,355,773	347,844
Global Affairs	—	905,018	761	110,978
Innovation, Science and Economic development	—	643,736	30,943	1,902,003
National Defence	—	4,256,777	1,451,812	15,282,406
Public Safety and Emergency Preparedness	—	2,029,078	468,453	1,342,359
Public Services and Procurement	—	3,529,550	576,361	1,439,054
Transport	—	579,037	1,993,634	166,591
Other ministries	—	1,214,809	44,034	2,361,408
	—	*14,371,416*	*7,807,545*	*23,568,017*
Consolidated Crown corporations and other entities	—	1,258,057	831,010	2,165,801
Total accumulated amortization	—	15,629,473	8,638,555	25,733,818
Total net capital assets				
Environment and Climate Change	207,174	341,002	1,254,850	276,773
Fisheries, Oceans and the Canadian Coast Guard	22,217	254,428	1,138,029	141,556
Global Affairs	257,710	698,206	7,477	68,927
Innovation, Science and Economic development	11,338	311,529	18,380	590,726
National Defence	87,358	6,648,760	1,134,189	5,589,247
Public Safety and Emergency Preparedness	84,786	2,625,534	305,055	574,099
Public Services and Procurement	243,002	1,865,056	745,013	558,544
Transport	276,119	250,925	712,949	64,386
Other ministries	62,692	412,044	49,469	1,137,770
	1,252,396	*13,407,484*	*5,365,411*	*9,002,028*
Consolidated Crown corporations and other entities	412,854	1,541,202	1,067,637	849,575
Total net capital assets	1,665,250	14,948,686	6,433,048	9,851,603

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Details can be found in Table 10.3.

[2] Details can be found in Table 10.4.

Vehicles[1]	Leasehold improvements	Assets under construction	Assets under capital leases[2]	Total March 31, 2016	Total March 31, 2015
159,809	48,767	517,993	39,370	6,084,388	5,612,324
2,249,019	507,260	713,479	–	7,205,514	6,572,553
60,510	276,940	220,759	–	2,607,286	2,526,285
35,695	78,231	1,114,443	64,293	4,801,317	4,553,691
35,521,228	78,429	5,847,764	852,324	76,750,294	75,474,223
733,399	182,444	864,121	30,329	9,239,657	8,769,281
9,535	962,633	1,456,605	2,903,624	14,288,977	13,654,527
751,645	25,888	67,965	818,820	5,707,959	5,631,632
143,274	687,796	1,029,329	92,372	7,234,997	6,427,943
39,664,114	*2,848,388*	*11,832,458*	*4,801,132*	*133,920,389*	*129,222,459*
1,367,180	275,290	742,010	163,319	10,673,935	10,165,496
41,031,294	3,123,678	12,574,468	4,964,451	144,594,324	139,387,955
103,937	36,431	–	17,221	3,396,239	3,311,515
1,484,751	346,831	–	–	4,011,108	3,860,621
33,093	150,598	–	–	1,200,448	1,126,180
24,094	45,497	–	28,746	2,675,019	2,591,073
21,288,125	38,803	–	617,714	42,935,637	41,698,738
430,627	104,910	–	4,365	4,379,792	4,066,065
6,500	592,071	–	1,164,213	7,307,749	6,819,067
573,327	15,792	–	154,211	3,482,592	3,388,171
96,118	460,539	–	23,809	4,200,717	4,064,448
24,040,572	*1,791,472*	–	*2,010,279*	*73,589,301*	*70,925,878*
623,365	161,691	–	127,237	5,167,161	5,114,869
24,663,937	1,953,163	–	2,137,516	78,756,462	76,040,747
55,872	12,336	517,993	22,149	2,688,149	2,300,809
764,268	160,429	713,479	–	3,194,406	2,711,932
27,417	126,342	220,759	–	1,406,838	1,400,105
11,601	32,734	1,114,443	35,547	2,126,298	1,962,619
14,233,103	39,626	5,847,764	234,610	33,814,657	33,775,485
302,772	77,534	864,121	25,964	4,859,865	4,703,216
3,035	370,562	1,456,605	1,739,411	6,981,228	6,835,460
178,318	10,096	67,965	664,609	2,225,367	2,243,461
47,156	227,257	1,029,329	68,563	3,034,280	2,363,496
15,623,542	*1,056,916*	*11,832,458*	*2,790,853*	*60,331,088*	*58,296,581*
743,815	113,599	742,010	36,082	5,506,774	5,050,627
16,367,357	1,170,515	12,574,468	2,826,935	65,837,862	63,347,208

Vehicles

Table 10.3 presents the details of vehicles by sub-category.

Table 10.3
Vehicles by sub-category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31, 2016	March 31, 2015
Ships and boats	16,652,331	10,589,014	6,063,317	4,516,206
Aircraft	18,919,227	10,391,819	8,527,408	7,928,812
Motor vehicles (Non-military)	2,246,956	1,507,771	739,185	719,724
Military vehicles	1,717,977	1,340,061	377,916	440,860
Other vehicles	1,494,803	835,272	659,531	629,006
Total	41,031,294	24,663,937	16,367,357	14,234,608

Assets under capital leases

Table 10.4 presents the details of assets under capital leases by main category.

Table 10.4
Assets under capital leases by main category

(in thousands of dollars)

	Cost	Accumulated amortization	March 31, 2016	March 31, 2015
Land	39,058		39,058	39,058
Buildings	3,090,387	1,247,507	1,842,880	1,900,022
Works and infrastructure	826,640	154,835	671,805	672,797
Machinery and equipment	311,286	197,940	113,346	136,766
Vehicles	697,080	537,234	159,846	193,648
Total	4,964,451	2,137,516	2,826,935	2,942,291

Section 11

2015–2016

Public Accounts of Canada

Contractual obligations and contingent liabilities

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Contractual obligations 11.2
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Contractual obligations and contingent liabilities

This section contains detailed information related to contractual obligations and contingent liabilities.

Contractual obligations

Government activities, by their nature, result in multi-year contracts and agreements, including various international treaties and protocols. Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. In the case of contractual obligations to international organizations, some will result in future budgetary expenses while others will result in non-budgetary payments.

Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), capital assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of $10 million or more per project or per program at year end are reported for transfer payment agreements, capital assets, purchases and operating leases. For international organizations, all contractual obligations in excess of $1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

Table 11.1 summarizes these contractual obligations. Details of the four types of contractual obligations can be found in other tables in this section.

Table 11.1
Contractual obligations

(in millions of dollars)

	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
Information from:					
Transfer payment agreements, capital assets, purchases and operating leases, Table 11.3	39,168	59,606	2,841		101,615
International contractual obligations, Table 11.4				4,730	4,730
Total	39,168	59,606	2,841	4,730	106,345

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy contractual obligations each year from 2017 to 2021 inclusively, and a total for amounts due in the year 2022 and subsequent years.

Table 11.2
Schedule of minimum payments

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
2017	15,794	9,458	374	1,847	27,473
2018	9,173	8,358	354	758	18,643
2019	6,043	9,338	331	552	16,264
2020	4,406	9,303	287	356	14,352
2021	2,086	6,445	258	101	8,890
2022 and subsequent	1,666	16,704	1,237	1,116	20,723
Total	39,168	59,606	2,841	4,730	106,345

Transfer payment agreements, capital assets, purchases and operating leases

Table 11.3 provides details of contractual obligations that involve: transfer payment agreements, capital assets, purchases and operating leases. It discloses individual contractual obligations by category and by entity. Contractual obligations are summarized in Note 17 to the consolidated financial statements in Section 2 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Capital assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchases are supported by contracts to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee. Some leases have escalation clauses based on the consumer price index.

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
Transfer payment agreements										
Agriculture and Agri-Food										
AgriInnovation Program										
Aggregate	246	246	165	81	48	33	—	—	—	—
AgriMarketing Program										
Aggregate	129	129	73	56	30	26	—	—	—	—
Growing Forward 2 Contribution Agreement										
Aggregate	88	88	50	38	19	19	—	—	—	—
Government of Alberta	222	222	128	94	47	47	—	—	—	—
Government of British Columbia	59	59	33	26	13	13	—	—	—	—
Government of Manitoba	98	98	57	41	20	21	—	—	—	—
Government of Ontario	238	238	133	105	52	53	—	—	—	—
Government of Quebec	155	155	87	68	34	34	—	—	—	—
Government of Saskatchewan	213	213	124	89	44	45	—	—	—	—
	1,448	*1,448*	*850*	*598*	*307*	*291*	—	—	—	—
Canadian Heritage										
Canada Arts Presentation Fund										
Aggregate	66	66	24	42	5	23	14	—	—	—
Canada Arts Training Fund										
Aggregate	23	23	11	12	1	11	—	—	—	—
Canada Cultural Spaces Fund										
Aggregate	40	40	10	30	12	15	3	—	—	—
Canada Music Fund										
La Fondation Musicaction	29	29	5	24	—	6	6	6	6	—
The Foundation Assisting Canadian Talent on Recordings	43	43	9	34		9	8	9	8	—
Celebration, Commemoration and Learning										
Aggregate	69	69	11	58	10	29	19	—	—	—
Exchanges Canada Program										
Aggregate	29	29	18	11	—	5	5	1	—	—
Experiences Canada	14	14	—	14	—	5	5	4	—	—
YMCA of Greater Toronto	39	39	15	24	—	8	8	8	—	—
Hosting Program										
Aggregate	26	26	9	17	1	10	6	—	—	—
2019 Canada Winter Games Host Society	11	11	—	11	—	3	2	6	—	—
Museums Assistance Program										
Aggregate	27	27	15	12	1	10	1	—	—	—
Official Languages Funding Program										
Aggregate	139	139	74	65	44	18	3	—	—	—
Council of Ministers of Education	120	120	72	48	24	24	—	—	—	—
Government of Alberta	78	78	32	46	31	15	—	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Government of British Columbia	94	94	49	45	24	21	–	–	–	–
Government of Manitoba	66	66	26	40	27	13	–	–	–	–
Government of New Brunswick	113	113	55	58	32	26	–	–	–	–
Government of Newfoundland and Labrador	22	22	9	13	8	5	–	–	–	–
Government of Nova Scotia	42	42	16	26	18	8	–	–	–	–
Government of Ontario	403	403	156	247	165	81	1	–	–	–
Government of Prince Edward Island	19	19	7	12	9	3	–	–	–	–
Government of Quebec	267	267	65	202	136	66	–	–	–	–
Government of Saskatchewan	35	35	13	22	15	7	–	–	–	–
Government of the Northwest Territories	18	18	8	10	7	3	–	–	–	–
Sport Support Program										
Aggregate	31	31	12	19	3	8	7	1	–	–
National Sport Organizations (Basic)	49	49	–	49	–	38	11	–	–	–
National Sport Organizations (Excellence)	34	34	–	34	–	34	–	–	–	–
Sport Participation	13	13	2	11	1	3	3	4	–	–
	1,959	*1,959*	*723*	*1,236*	*574*	*507*	*102*	*39*	*14*	–
Environment and Climate Change										
Environment										
Nature Conservancy of Canada										
To administer the Natural Areas Conservation Program in support of the National Conservation Plan	*100*	*100*	*32*	*68*	*23*	*22*	*23*	–	–	–
Families, Children and Social Development										
Employment and Social Development										
Aboriginal Skills and Employment Training Strategy										
Aggregate	1,300	1,300	1,086	214	214	–	–	–	–	–
First Nations of Quebec and Labrador Health and Social Services Commissions	146	146	122	24	24	–	–	–	–	–
First Peoples Development Inc	128	128	108	20	20	–	–	–	–	–
Gabriel Dumont Training and Employment Inc	69	69	59	10	10	–	–	–	–	–
Kativik Regional Government	49	49	37	12	12	–	–	–	–	–
Manitoba Keewatinowi Okimakanak Inc	110	110	93	17	17	–	–	–	–	–
Manitoba Metis Federation Inc	80	80	68	12	12	–	–	–	–	–
Rupertsland Institute	90	90	76	14	14	–	–	–	–	–
Saskatchewan Indian Training Assessment Group Inc	227	227	188	39	39	–	–	–	–	–
Adult Learning, Literacy and Essential Skills Program										
Aggregate	30	30	13	17	10	6	1	–	–	–
Canada Job Fund										
Aggregate	31	31	10	21	5	5	5	6	–	–
Government of Alberta	349	349	116	233	58	58	58	59	–	–
Government of British Columbia	389	389	129	260	65	65	65	65	–	–
Government of Manitoba	108	108	36	72	18	18	18	18	–	–
Government of New Brunswick	63	63	21	42	10	11	10	11	–	–
Government of Newfoundland and Labrador	44	44	15	29	7	7	7	8	–	–
Government of Nova Scotia	79	79	27	52	13	13	13	13	–	–
Government of Ontario	1,151	1,151	384	767	192	192	192	191	–	–
Government of Quebec	690	690	230	460	115	115	115	115	–	–
Government of Saskatchewan	95	95	32	63	16	16	16	15	–	–
Enabling Fund for Official Language Minority Communities										
Aggregate	30	30	18	12	12	–	–	–	–	–
Foreign Credential Recognition Program										
Aggregate	27	27	14	13	9	3	1	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Homelessness Partnering Strategy										
Aggregate	219	219	72	147	50	49	48	–	–	–
Calgary Homeless Foundation	32	32	13	19	6	6	7	–	–	–
City of Hamilton	21	21	8	13	4	5	4	–	–	–
City of Ottawa	28	28	11	17	6	5	6	–	–	–
City of Toronto	86	86	34	52	17	18	17	–	–	–
City of Winnipeg	29	29	12	17	6	5	6	–	–	–
Greater Vancouver Regional District	40	40	16	24	8	8	8	–	–	–
Homeward Trust Foundation	32	32	13	19	6	7	6	–	–	–
Labour Market Agreements for Persons with Disabilities										
Aggregate	37	37	18	19	10	9	–	–	–	–
Government of Alberta	101	101	51	50	25	25	–	–	–	–
Government of British Columbia	123	123	61	62	31	31	–	–	–	–
Government of Manitoba	36	36	18	18	9	9	–	–	–	–
Government of New Brunswick	24	24	12	12	6	6	–	–	–	–
Government of Nova Scotia	33	33	17	16	8	8	–	–	–	–
Government of Ontario	306	306	153	153	76	77	–	–	–	–
Government of Quebec	184	184	92	92	46	46	–	–	–	–
Government of Saskatchewan	44	44	22	22	11	11	–	–	–	–
Labour Market Development Agreements										
Aggregate	23	23	11	12	12	–	–	–	–	–
Government of Alberta	239	239	119	120	120	–	–	–	–	–
Government of British Columbia	596	596	296	300	300	–	–	–	–	–
Government of Manitoba	98	98	49	49	49	–	–	–	–	–
Government of New Brunswick	198	198	99	99	99	–	–	–	–	–
Government of Newfoundland and Labrador	265	265	130	135	135	–	–	–	–	–
Government of Nova Scotia	177	177	88	89	89	–	–	–	–	–
Government of Ontario	1,266	1,266	632	634	634	–	–	–	–	–
Government of Prince Edward Island	56	56	28	28	28	–	–	–	–	–
Government of Quebec	1,272	1,272	636	636	636	–	–	–	–	–
Government of Saskatchewan	82	82	41	41	41	–	–	–	–	–
Opportunities Fund for Persons with Disabilities										
Aggregate	93	93	25	68	37	24	7	–	–	–
Sectoral Initiatives Program										
Aggregate	55	55	41	14	13	1	–	–	–	–
Social Development Partnerships Program										
Aggregate	26	26	10	16	7	4	2	2	1	–
Targeted Initiative for Older Workers										
Aggregate	245	245	221	24	24	–	–	–	–	–
Youth Employment Strategy										
Aggregate	89	89	36	53	45	6	2	–	–	–
Skills / Compétences Canada	20	20	8	12	6	5	1	–	–	–
	11,460	*11,460*	*5,975*	*5,485*	*3,492*	*874*	*615*	*503*	*1*	–
Global Affairs										
Foreign Affairs, Trade and Development										
International Development										
Aggregate	733	733	377	356	136	118	60	32	10	–
Adventist Development and Relief Agency Canada	25	25	5	20	5	5	6	3	1	–
Aga Khan Foundation Canada	268	268	154	114	35	41	21	15	2	–
Agriteam Canada	150	150	55	95	25	28	21	21	–	–
Amref Health Africa in Canada	28	28	3	25	10	6	5	3	1	–
Artisanal Gold Council	16	16	1	15	2	3	5	3	2	–
Canada World Youth	37	37	10	27	5	7	7	8	–	–
Canadian Bureau for International Education	46	46	10	36	10	11	11	4	–	–
Canadian Co-operative Association	47	47	19	28	7	11	9	1	–	–

Table 11.3

Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Canadian Cooperation Society for International Development	85	85	45	40	15	14	10	1	—	—
Canadian Executive Service Organization	39	39	5	34	8	7	9	7	3	—
Canadian Network for Maternal Newborn and Child Health	14	14	—	14	2	3	3	3	2	1
Canadian Organization for Development Through Education	24	24	8	16	4	2	3	3	2	2
Canadian Red Cross	41	41	7	34	10	10	10	3	1	—
CARE Canada	89	89	37	52	15	16	12	8	1	—
Center for International Cooperation in Health and Development	34	34	17	17	4	7	6	—	—	—
Colleges and Institutes Canada	99	99	40	59	22	14	12	10	1	—
Consortium CECI / ENAP / Avocats sans frontières	20	20	5	15	1	5	9	—	—	—
Consortium Cowater International Inc / CRC Sogema Inc / Roche Ltd Consulting Group	15	15	—	15	2	3	3	3	2	2
Consortium DID-FADQDI	33	33	11	22	4	7	7	4	—	—
Consortium FCM / UMQ / City of Montreal	19	19	7	12	2	3	7	—	—	—
Consortium Sogema Technologies Inc / CRC Sogema Inc	14	14	1	13	3	4	3	2	—	1
Consortium World University Service of Canada / Center for International Studies and Cooperation	67	67	15	52	7	15	15	15	—	—
Convergence Blended Finance Inc	19	19	2	17	5	7	4	1	—	—
Cowater International Inc	107	107	39	68	14	17	17	14	5	1
CRC Sogema Inc	49	49	22	27	10	12	3	2	—	—
Cuso International	110	110	33	77	19	22	19	16	1	—
Dalhousie University	19	19	6	13	4	4	3	2	—	—
Développement international Desjardins	86	86	40	46	11	15	10	8	2	—
Digital Opportunity Trust	25	25	7	18	4	6	6	2	—	—
Federation of Canadian Municipalities	77	77	27	50	12	15	12	5	6	—
Grand Challenges Canada	169	169	13	156	20	37	37	34	17	11
Horizons of Friendship	11	11	—	11	3	2	3	2	1	—
International Bureau for Children's Rights	14	14	2	12	2	3	3	2	2	—
International Development Enterprises Association Inc	14	14	4	10	3	2	2	3	—	—
Mennonite Economic Development Associates	146	146	50	96	22	26	22	19	6	1
Micronutrient Initiative	270	270	85	185	55	55	55	20	—	—
Oxfam-Québec	101	101	22	79	18	21	19	18	3	—
Partnership Africa Canada	16	16	2	14	2	4	4	4	—	—
Plan International Canada Inc	132	132	47	85	28	22	20	12	3	—
Primate's World Relief and Development Fund	27	27	9	18	5	4	4	4	1	—
Right To Play International	33	33	11	22	14	5	1	2	—	—
Save the Children Canada	80	80	45	35	12	9	7	7	—	—
Solidarité Union Coopération	31	31	12	19	6	4	4	4	1	—
The Conference Board of Canada	42	42	21	21	6	6	5	2	2	—
The Jules and Paul-Émile Léger Foundation	24	24	9	15	5	5	5	—	—	—
Union des producteurs agricoles, développement international	17	17	3	14	4	4	3	3	—	—
Université Laval	24	24	5	19	3	6	5	5	—	—
University of British Columbia	29	29	12	17	6	7	4	—	—	—
University of Waterloo	15	15	2	13	3	3	3	4	—	—
World University Service of Canada	52	52	24	28	12	9	2	2	2	1
World Vision Canada	112	112	38	74	24	27	16	5	2	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
International Humanitarian Assistance										
Aggregate	39	39	18	21	18	3	–	–	–	–
Canadian Red Cross	39	39	19	20	7	10	3	–	–	–
International Security and Democratic Development										
Aggregate	147	147	77	70	27	21	15	5	2	–
Inter Pares	18	18	2	16	4	4	4	3	1	–
	4,037	*4,037*	*1,540*	*2,497*	*722*	*737*	*574*	*359*	*85*	*20*
Health										
Department										
Anti-Drug Strategy Initiative										
Aggregate	38	38	24	14	13	1	–	–	–	–
Blood Research and Development Program										
Canadian Blood Services	25	25	15	10	5	5	–	–	–	–
Canada Brain Research Fund										
Brain Canada Foundation	100	100	38	62	6	30	26	–	–	–
First Nations and Inuit										
Health Infrastructure Support										
Aggregate	425	425	224	201	87	60	31	23	–	–
First Nations Health Authority	4,289	4,289	1,045	3,244	442	467	467	467	467	934
Primary Health Care										
Aggregate	1,251	1,251	619	632	259	186	102	85	–	–
Government of the Northwest Territories	27	27	16	11	5	6	–	–	–	–
Weeneebayko Area Health Authority	60	60	6	54	12	12	12	12	6	–
Whiskeyjack Treatment Centre Inc	15	15	3	12	3	3	3	3	–	–
Supplementary Health Benefits										
Aggregate	237	237	137	100	57	27	10	6	–	–
Government of Nunavut	73	73	36	37	37	–	–	–	–	–
Government of the Northwest Territories	26	26	13	13	13	–	–	–	–	–
Primary Health Care and Health Infrastructure Support										
Government of Nunavut	97	97	78	19	19	–	–	–	–	–
Government of the Northwest Territories	42	42	26	16	8	8	–	–	–	–
Saskatoon Tribal Council Health and Family Services Inc	22	22	8	14	4	4	5	1	–	–
Primary Health Care, Health Infrastructure Support and Supplementary Health Benefits										
Athabasca Health Authority Inc	37	37	8	29	8	7	7	7	–	–
Battle River Treaty 6 Health Centre Inc	44	44	10	34	9	8	8	9	–	–
Bigstone Health Commission	181	181	56	125	18	18	18	18	18	35
Blood Tribe Department of Health Inc	21	21	9	12	12	–	–	–	–	–
Conseil de la Nation Huronne Wendat	22	22	7	15	2	2	2	2	3	4
Conseil des Atikamekw d'Opticiwan	21	21	7	14	6	4	4	–	–	–
Conseil des Montagnais de Unamen Shipu	30	30	19	11	5	6	–	–	–	–
File Hills Qu'Appelle Tribal Council Inc	17	17	5	12	3	3	3	3	–	–
First Nations of Quebec and Labrador Health and Social Services Commission	18	18	5	13	4	3	3	3	–	–
Fort Alexander Indian Band O/A Sagkeeng First Nation	20	20	5	15	4	4	3	4	–	–
Kahnawake Shakotiia'takehnhas Community Services	78	78	34	44	8	8	8	8	6	6
Kitiganwacheeng Health Services Inc	19	19	4	15	4	4	3	4	–	–
Meadow Lake Tribal Council	83	83	68	15	15	–	–	–	–	–
Mohawks of Akwesasne	134	134	38	96	16	16	16	16	16	16
North Peace Tribal Council	23	23	5	18	4	5	4	5	–	–
Northlands Dene First Nation	19	19	7	12	8	1	2	1	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2017	2018	2019	2020	2021	2022 and subsequent
Onion Lake	20	20	10	10	4	3	3	—	—	—
PADC Management Company Ltd	48	48	34	14	8	6	—	—	—	—
Peguis First Nation	20	20	6	14	5	3	3	3	—	—
Peter Ballantyne Cree Nation Health Services Inc	109	109	29	80	11	10	10	10	10	29
Saddle Lake Cree Nation	22	22	5	17	4	4	4	5	—	—
Siksika Health Services	46	46	34	12	6	6	—	—	—	—
Wikwemikong	20	20	4	16	4	4	4	4	—	—
Funding										
Canadian Agency for Drugs and Technologies in Health	81	81	49	32	16	16	—	—	—	—
Canadian Centre on Substance Abuse	26	26	12	14	7	7	—	—	—	—
Canadian Foundation for Healthcare Improvement	14	14	2	12	12	—	—	—	—	—
Canadian Institute for Health Information	396	396	317	79	79	—	—	—	—	—
Canadian Partnership Against Cancer	241	241	193	48	48	—	—	—	—	—
Canadian Patient Safety Institute	38	38	23	15	8	7	—	—	—	—
Community Health and Social Services Network	21	21	11	10	5	5	—	—	—	—
Crawford and Company (Canada Inc)—to establish a Thalidomide Survivors Contribution Program	42	42	8	34	8	8	9	9	—	—
Health Care Policy Contribution Program	30	30	18	12	8	2	1	1	—	—
Mental Health Commission of Canada	122	122	108	14	14	—	—	—	—	—
Official Languages Health Contribution Program	69	69	34	35	18	17	—	—	—	—
Société Santé en Français Inc	28	28	15	13	7	6	—	—	—	—
University of Ottawa	21	21	11	10	5	5	—	—	—	—
Territorial Health Investment Fund										
Aggregate	69	69	49	20	20	—	—	—	—	—
Public Health Agency of Canada										
Aboriginal Head Start Strategic Fund										
Aggregate	92	92	63	29	29	—	—	—	—	—
Brain Health										
Baycrest Centre for Geriatric Care	42	42	4	38	6	10	12	10	—	—
Canada Prenatal Nutrition Program										
Aggregate	76	76	51	25	25	—	—	—	—	—
Community Action Program for Children										
Aggregate	161	161	108	53	53	—	—	—	—	—
Federal Initiative to Address HIV / AIDS Contributions										
Aggregate	68	68	46	22	22	—	—	—	—	—
	9,416	*9,416*	*3,819*	*5,597*	*1,528*	*1,017*	*783*	*719*	*526*	*1,024*
Immigration, Refugees and Citizenship										
Citizenship and Immigration										
Newcomer and Settlement Integration Program										
Aggregate	1,616	1,616	1,134	482	482	—	—	—	—	—
Toronto District School Board	16	16		16	16	—	—	—	—	—
Resettlement Assistance Program										
Aggregate	100	100	72	28	28	—	—	—	—	—
Provincial agreement on immigration matters and on the selection of foreign nationals wishing to settle in Canada										
Government of Quebec	2,415	2,415	345	2,070	345	345	345	345	345	345
	4,147	*4,147*	*1,551*	*2,596*	*871*	*345*	*345*	*345*	*345*	*345*

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Indigenous and Northern Affairs										
Indian Affairs and Northern Development										
Aboriginal Recipient Funding (First Nations and Tribal Councils)										
Adams Lake Indian Band	13	13	–	13	3	2	3	2	3	–
Agency Chiefs Tribal Council	32	32	–	32	6	7	6	7	6	–
Ahousaht Indian Band	15	15	–	15	8	7	–	–	–	–
Ahtahkakoop Band	39	39	–	39	8	8	7	8	8	–
Albany	42	42	9	33	8	8	9	8	–	–
Alexander Band	41	41	17	24	8	8	8	–	–	–
Alexis Creek Indian Band	20	20	4	16	4	4	4	4	–	–
Alexis Nakota Sioux Nation	41	41	–	41	8	8	8	8	9	–
Algonquins of Pikwakanagan First Nation	15	15	–	15	3	3	3	3	3	–
Atikamekw de Manawan	102	102	71	31	15	16	–	–	–	–
Atikamekw Sipi-Conseil de la Nation Atikamekw	39	39	–	39	8	8	7	8	8	–
Attawapiska First Nation	40	40	–	40	13	14	13	–	–	–
Attikameksheng Anishnawbek	16	16	–	16	3	3	3	3	4	–
Bande des Innus de Pessamit	213	213	108	105	–	26	26	27	26	–
Bande Innue Essipit	31	31	16	15	3	3	3	3	3	–
Batchewana First Nation	40	40	–	40	8	8	8	8	8	–
Battlefords Agency Tribal Chiefs Inc	49	49	–	49	12	12	13	12	–	–
Beausoleil First Nation	29	29	–	29	6	6	6	6	5	–
Big Grassy First Nation	14	14	3	11	3	3	3	2	–	–
Big Island Lake Cree Nation	29	29	15	14	7	7	–	–	–	–
Big River Band	51	51	–	51	10	10	10	10	11	–
Bigstone Cree Nation	59	59	22	37	19	18	–	–	–	–
Biigtigong Nishnaabeg	17	17	–	17	3	4	3	4	3	–
Biinjitiwaabik Zaaging Anishinaabek	11	11	–	11	2	2	3	2	2	–
Birch Narrows First Nation Band	14	14	–	14	3	3	3	3	2	–
Black Lake Band	42	42	22	20	10	10	–	–	–	–
Blood Band	477	477	402	75	75	–	–	–	–	–
Brokenhead Ojibway Nation	21	21	10	11	4	3	4	–	–	–
Buffalo River Dene Nation Band	17	17	–	17	4	4	4	5	–	–
Bunibonibee Cree Nation	57	57	–	57	19	19	19	–	–	–
Canoe Lake Band	25	25	–	25	5	5	5	5	5	–
Cape Mudge Indian Band	14	14	–	14	4	3	4	3	–	–
Carry The Kettle Band	24	24	–	24	6	6	6	6	–	–
Chemawawin Cree Nation	32	32	11	21	10	11	–	–	–	–
Chippewas of Georgina Island	21	21	–	21	4	4	4	4	5	–
Chippewas of Kettle & Stony Point	11	11	–	11	5	6	–	–	–	–
Chippewas of Nawash	25	25	5	20	5	5	5	5	–	–
Chippewas of Rama First Nation	20	20	–	20	4	4	4	4	4	–
Chippewas of The Thames First Nation	21	21	–	21	4	4	4	4	5	–
Clearwater River Dene Band	43	43	26	17	9	8	–	–	–	–
Cold Lake First Nations Band	19	19	–	19	4	4	3	4	4	–
Communauté Anicinape de Kitcisakik	18	18	–	18	4	3	4	3	4	–
Confederacy of Mainland Mi'Kmaq	26	26	12	14	7	7	–	–	–	–
Conseil de la Première Nation Abitibiwinni	27	27	13	14	5	4	5	–	–	–
Conseil des Atikamekw de Wemotaci	87	87	50	37	9	9	9	10	–	–
Conseil des Atikamekw d'Opitciwan	126	126	61	65	22	22	21	–	–	–
Conseil des Montagnes du Lac St-Jean	120	120	–	120	24	24	24	24	24	–
Constance Lake First Nation	45	45	16	29	10	9	10	–	–	–
Couchiching First Nation	35	35	–	35	7	7	7	7	7	–
Cowessess Band	19	19	7	12	6	6	–	–	–	–
Cowichan Tribes	109	109	46	63	21	21	21	–	–	–
Cross Lake First Nation	173	173	70	103	34	35	34	–	–	–
Cumberland House Cree Nation Band	34	34	16	18	6	6	6	–	–	–
Deer Lake First Nation	34	34	–	34	7	7	6	7	7	–
Dene Tha' Band	90	90	–	90	18	18	18	18	18	–
Driftpile First Nation	43	43	27	16	8	8	–	–	–	–
Eabametoong First Nation	49	49	22	27	9	9	9	–	–	–
Eagle Lake First Nation	10	10	–	10	2	2	2	2	2	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Ebb And Flow Band	19	19	–	19	10	9	–	–	–	–
Eel Ground Band Council	28	28	–	28	6	5	6	5	6	–
Eel River Bar First Nation	21	21	–	21	4	4	5	4	4	–
Elsipogtog First Nation	22	22	–	22	22	–	–	–	–	–
English River First Nation Band	20	20	–	20	4	4	4	4	4	–
Enoch Cree Nation no 440	37	37	13	24	8	8	8	–	–	–
Ermineskin Tribe	113	113	94	19	19	–	–	–	–	–
Esgenoopetitj First Nation	12	12	–	12	12	–	–	–	–	–
Eskasoni Band Council	85	85	52	33	17	16	–	–	–	–
Esk'Etemc	27	27	14	13	4	4	5	–	–	–
File Hills Qu'Appelle Tribal Council Inc	17	17	–	17	3	4	3	4	3	–
Fisher River Band	80	80	–	80	16	16	16	16	16	–
Fond du Lac Band	29	29	15	14	7	7	–	–	–	–
Fort Alexander Band	42	42	24	18	18	–	–	–	–	–
Fort Nelson First Nation	14	14	–	14	3	3	3	3	2	–
Frog Lake Band	49	49	21	28	9	10	9	–	–	–
Garden Hill First Nation	25	25	–	25	25	–	–	–	–	–
Garden River First Nation	44	44	–	44	9	9	9	9	8	–
Gitga'At First Nation	15	15	–	15	3	3	3	3	3	–
Gitksan Local Services Society	124	124	104	20	20	–	–	–	–	–
God's Lake First Nation	33	33	–	33	11	11	11	–	–	–
Grassy Narrows First Nation	18	18	5	13	4	4	5	–	–	–
Gwa'Sala-Nakwaxda'Xw Indian Band	23	23	9	14	5	4	5	–	–	–
Haisla Nation	55	55	17	38	5	6	5	6	5	11
Hatchet Lake Band	43	43	23	20	10	10	–	–	–	–
Heiltsuk Indian Band	35	35	–	35	12	11	12	–	–	–
Innu Takuaikan Uashat Mak Mani-Utenam	230	230	176	54	27	27	–	–	–	–
Iskatewizaagegan no 39 Independent Nation	17	17	4	13	3	3	3	4	–	–
Iskut Indian Band	11	11	–	11	2	2	3	2	2	–
James Smith Band	31	31	8	23	8	7	8	–	–	–
Kahkewistahaw Band	33	33	–	33	7	6	7	6	7	–
Kasabonika Lake First Nation	33	33	–	33	7	6	7	6	7	–
Kashechewan First Nation	34	34	–	34	11	12	11	–	–	–
Kawacatoose Band	32	32	–	32	6	7	6	7	6	–
Kee Tas Kee Now Tribal Council	150	150	73	77	26	25	26	–	–	–
Keeseekoose Band	20	20	–	20	5	5	5	5	–	–
Keewaytinook Okimakanak/Northern Chiefs Council	62	62	–	62	12	13	12	13	12	–
Kee-Way-Win First Nation	13	13	–	13	3	2	3	2	3	–
Kehewin Cree Nation	14	14	–	14	7	7	–	–	–	–
Kitasoo Indian Band	12	12	–	12	2	3	2	3	2	–
Kitigan Zibi Anishinabeg	137	137	68	69	14	14	13	14	14	–
Kwadacha Indian Band	27	27	13	14	5	5	4	–	–	–
Kwakiutl Indian Band	23	23	5	18	5	4	5	4	–	–
La Nation Anishinabe du Lac Simon	67	67	45	22	11	11	–	–	–	–
Lac La Ronge Band	47	47	–	47	47	–	–	–	–	–
Lac Seul First Nation	41	41	28	13	7	6	–	–	–	–
Lake Babine Nation	61	61	23	38	13	12	13	–	–	–
Lake Manitoba Band	37	37	10	27	9	9	9	–	–	–
Lax Kw'Alaams Indian Band	32	32	–	32	11	11	10	–	–	–
Lil'Wat Nation	41	41	18	23	8	8	7	–	–	–
Listuguj Mi'Gmaq Government	53	53	38	15	15	–	–	–	–	–
Little Pine Band	22	22	11	11	5	6	–	–	–	–
Little Red River Cree Nation	69	69	–	69	34	35	–	–	–	–
Long Lake no 58 First Nation	17	17	–	17	3	4	3	4	3	–
Long Plain Band	75	75	63	12	12	–	–	–	–	–
Louis Bull Band	40	40	–	40	8	8	8	8	8	–
Lytton Indian Band	26	26	–	26	5	5	5	5	6	–
Mamaweswen, The North Shore Tribal Council Secretariat	11	11	–	11	2	2	2	2	3	–
Manto Sipi Cree Nation	21	21	–	21	7	7	7	–	–	–
Mathias Colomb Band	51	51	36	15	15	–	–	–	–	–
M'Chigeeng First Nation	38	38	8	30	8	7	8	7	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Membertou Band Council	37	37	25	12	6	6	–	–	–	–
Metepenagiag Mi'Kmaq Nation	23	23	–	23	5	4	5	4	5	–
Micmacs Of Gesgapegiag	15	15	–	15	5	5	5	–	–	–
Miksew Cree First Nation Band	17	17	–	17	8	9	–	–	–	–
Millbrook Band Council	41	41	26	15	8	7	–	–	–	–
Mishkeegogamang First Nation	21	21	5	16	4	4	4	4	–	–
Mississaugas of the New Credit First Nation	29	29	17	12	6	6	–	–	–	–
Mistawasis Nehiyawak	28	28	–	28	6	5	6	5	6	–
Mltc Program Services Inc	85	85	–	85	17	17	17	17	17	–
Mohawks Council of Akwesasne	158	158	35	123	31	31	31	30	–	–
Mohawks of Kahnawa Ke Band	410	410	211	199	40	40	40	40	39	–
Mohawks of Kanesatake	15	15	–	15	5	5	5	–	–	–
Mohawks of the Bay of Quinte	44	44	–	44	9	9	8	9	9	–
Montreal Lake Band	58	58	–	58	12	11	12	11	12	–
Moose Cree First Nation	61	61	–	61	12	12	12	12	13	–
Moricetown Indian Band	24	24	5	19	5	5	5	4	–	–
Muskeg Lake Cree Nation no 102	27	27	–	27	5	6	5	6	5	–
Muskoday First Nation Band	31	31	–	31	6	6	6	6	7	–
Muskowekwan Band	29	29	–	29	6	6	6	6	5	–
Musqueam Indian Band	18	18	–	18	4	3	4	3	4	–
Naicatchewenin First Nation	12	12	–	12	2	3	2	3	2	–
Nak'Azdli Indian Band	33	33	–	33	7	6	7	6	7	–
Namgis First Nation Band	20	20	–	20	4	4	4	4	4	–
Naotkamegwanning	30	30	12	18	6	6	6	–	–	–
Naskapi Nation of Kawawachikamach	64	64	–	64	13	13	13	13	12	–
Nation Huronne Wendat	133	133	47	86	12	12	12	12	12	26
Nipissing First Nation	41	41	18	23	8	7	8	–	–	–
Nisichawayasihk Cree Nation	110	110	–	110	22	22	22	22	22	–
North Caribou Lake First Nation	27	27	–	27	5	6	5	6	5	–
North Peace Tribal Council	43	43	29	14	7	7	–	–	–	–
North Spirit Lake First Nation	16	16	–	16	3	3	4	3	3	–
Northlands Band	25	25	–	25	8	8	9	–	–	–
Norway House Cree Nation	249	249	50	199	50	50	50	49	–	–
Nuu-Chah-Nulth Tribal Council	142	142	90	52	26	26	–	–	–	–
Nuxalk Nation Band	51	51	10	41	10	10	10	11	–	–
Ochiichagwe'Babigo'Ining First Nation	10	10	–	10	2	2	2	2	2	–
Odanak	47	47	26	21	4	4	5	4	4	–
Ojibways of Onigaming First Nation	16	16	3	13	3	3	3	4	–	–
Okanagan Indian Band	31	31	15	16	5	5	6	–	–	–
Old Massett Village Council Band	30	30	13	17	6	5	6	–	–	–
One Arrow First Nation	34	34	–	34	7	7	6	7	7	–
Oneida Nation of the Thames	49	49	20	29	10	10	9	–	–	–
Onion Lake Cree Nation	160	160	138	22	22	–	–	–	–	–
Opaskwayak Cree Nation	166	166	141	25	25	–	–	–	–	–
Osoyoos Indian Band	12	12	–	12	2	3	2	3	2	–
Pacheedaht First Nation	19	19	6	13	4	4	5	–	–	–
Pade Management Company Ltd	88	88	51	37	18	19	–	–	–	–
Pasqua First Nation no 79	22	22	–	22	4	5	4	5	4	–
Paul Band	10	10	–	10	5	5	–	–	–	–
Peepeekisis Cree Nation No 81	13	13	–	13	4	5	4	–	–	–
Peguis Band	175	175	77	98	33	32	33	–	–	–
Pelican Lake Band	36	36	15	21	7	7	7	–	–	–
Penelakut Tribe	23	23	–	23	5	4	5	4	5	–
Penticton Indian Band	27	27	–	27	5	6	5	6	5	–
Peter Ballantyne Cree Nation	41	41	–	41	41	–	–	–	–	–
Pic Mobert First Nation	23	23	11	12	3	3	3	3	–	–
Pikangikum First Nation	111	111	96	15	15	–	–	–	–	–
Pine Creek Band	16	16	–	16	8	8	–	–	–	–
Poplar Hill First Nation	18	18	–	18	4	3	4	3	4	–
Poundmaker Band	25	25	14	11	6	5	–	–	–	–
Pwi-Di-Goo-Zing Ne-Yaa-Zhing Advisory Services	18	18	8	10	3	4	3	–	–	–
Red Earth Band	43	43	26	17	9	8	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
Red Rock First Nation	14	14	—	14	3	3	2	3	3	—
Regroupement Mamit Innuat Inc	42	42	—	42	8	9	8	9	8	—
Sachigo Lake First Nation	18	18	—	18	4	3	4	3	4	—
Saddle Lake Band	179	179	109	70	35	35	—	—	—	—
Sagamok Anishnawbek First Nation	40	40	24	16	8	8	—	—	—	—
Saint Mary's Band Council	77	77	55	22	11	11	—	—	—	—
Samson Band	21	21	—	21	21	—	—	—	—	—
Sandy Bay Band	40	40	22	18	18	—	—	—	—	—
Sandy Lake First Nation	51	51	35	16	16	—	—	—	—	—
Saskatoon Tribal Council	14	14	—	14	3	3	2	3	3	—
Saugeen First Nation	28	28	6	22	6	5	6	5	—	—
Saulteau First Nations	20	20	5	15	4	4	4	3	—	—
Sayisi Dene First Nation	12	12	—	12	4	4	4	—	—	—
Seabird Island Indian Band	33	33	—	33	7	6	7	6	7	—
Serpent River First Nation	16	16	—	16	3	3	3	3	4	—
Shamattawa First Nation	35	35	—	35	12	12	11	—	—	—
Shawanaga First Nation Ojibway Territory	10	10	—	10	2	2	2	2	2	—
Shibogama First Nations Council	14	14	—	14	3	3	2	3	3	—
Siksika Nation Band	255	255	216	39	39	—	—	—	—	—
Sipekne'Katik	38	38	—	38	8	7	8	7	8	—
Six Nations of the Grand River	92	92	—	92	18	19	18	19	18	—
Skidegate Indian Band	34	34	—	34	7	7	6	7	7	—
Skownan First Nation	37	37	10	27	9	9	9	—	—	—
Snuneymuxw First Nation	24	24	—	24	6	6	6	6	—	—
Southeast Resource Development Council Corp	34	34	23	11	11	—	—	—	—	—
Southern First Nations Secretariat	42	42	8	34	8	9	8	9	—	—
Splatsin	20	20	9	11	4	3	4	—	—	—
Squamish Indian Band	60	60	—	60	12	12	12	12	12	—
St Theresa Point Band	80	80	—	80	27	26	27	—	—	—
Sto:Lo Nation	24	24	6	18	5	4	5	4	—	—
Sts'Ailes Band	23	23	11	12	4	4	4	—	—	—
Sturgeon Lake First Nation	28	28	—	28	9	9	10	—	—	—
Stz'Uminus First Nation	32	32	—	32	6	7	6	7	6	—
Sucker Creek Band	37	37	22	15	7	8	—	—	—	—
Sumas First Nation	28	28	7	21	5	5	5	6	—	—
Tataskweyak Cree Nation	81	81	—	81	16	16	17	16	16	—
Thunderchild First Nation	29	29	—	29	10	9	10	—	—	—
Timiskaming First Nation	34	34	8	26	7	6	7	6	—	—
Tk'Emlups Te Secwepemc	22	22	—	22	4	5	4	5	4	—
Tootinaowaziibeeng Treaty Reserve	15	15	5	10	3	3	4	—	—	—
Tribal Chiefs Ventures Incorporated	52	52	28	24	8	8	8	—	—	—
Tsartlip Indian Band	38	38	10	28	9	9	10	—	—	—
Tsay Keh Dene Band	14	14	4	10	3	2	3	2	—	—
Tsuut'Ina Nation	85	85	73	12	12	—	—	—	—	—
Wabaseemoong Independent Nation	28	28	12	16	5	6	5	—	—	—
Walpole Island First Nation	20	20	—	20	10	10	—	—	—	—
Wapekeka First Nation	15	15	—	15	3	3	3	3	3	—
Wasagamack First Nation	13	13	—	13	13	—	—	—	—	—
Wasauksing First Nation	15	15	—	15	3	3	3	3	3	—
Waterhen Lake Band	23	23	—	23	5	4	5	4	5	—
Waywayseecappo First Nation Treaty Four	41	41	—	41	14	13	14	—	—	—
Webequie	30	30	8	22	6	5	6	5	—	—
Western Cree Tribal Council	111	111	70	41	20	21	—	—	—	—
White Bear Band	25	25	—	25	5	5	5	5	5	—
Whitefish Lake no 128	16	16	—	16	8	8	—	—	—	—
Whitefish River First Nation	15	15	—	15	3	3	3	3	3	—
Wikwemikong Unceded Indian Reserve	98	98	62	36	18	18	—	—	—	—
Wunnumin Lake First Nation	22	22	6	16	4	4	4	4	—	—
Yellow Quil Band	28	28	—	28	6	5	6	5	6	—
Yellowhead Tribal Development Foundation	37	37	14	23	8	7	8	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Aboriginal Recipient Funding (Other)										
Arctic Co-Operatives Ltd	37	37	25	12	12	–	–	–	–	–
Awasis Agency of Northern Manitoba	19	19	–	19	19	–	–	–	–	–
Canadian Red Cross Society	37	37	23	14	7	7	–	–	–	–
Carrier Sekani Family Services	16	16	–	16	3	3	4	3	3	–
Centre Intégré de Santé et de Services Sociaux de L'Abitibi-Témiscamingue	18	18	–	18	18	–	–	–	–	–
Conseil en Éducation des Premières Nations	40	40	–	40	8	8	8	8	8	–
Cree Nation Child and Family Caring Agency	12	12	–	12	12	–	–	–	–	–
Dakota Ojibway Child and Family Services	10	10	–	10	10	–	–	–	–	–
Fédération des Coopératives du Nouveau Québec	25	25	9	16	8	8	–	–	–	–
First Nations Education Steering Committee Society	51	51	21	30	7	8	7	8	–	–
Freehorse Family Wellness Society	16	16	–	16	3	3	4	3	3	–
Frontier School Division no 48	32	32	–	32	32	–	–	–	–	–
Institut Tshakapesh	12	12	–	12	2	3	2	3	2	–
Island Lake First Nations Family Services	12	12	–	12	12	–	–	–	–	–
Kanaweyimik Child & Family Services Inc	17	17	6	11	6	5	–	–	–	–
Kasohkowew Child and Wellness Society	18	18	–	18	18	–	–	–	–	–
Kwumut Lelum Child and Family Services Society	11	11	–	11	2	2	2	2	3	–
Lac La Ronge Indian Band Child and Family Services Agency Inc	26	26	13	13	6	7	–	–	–	–
Little Red River Education Authority Inc	11	11	–	11	2	2	3	2	2	–
Makivik Corporation	105	105	21	84	21	21	21	21	–	–
Manitoba East Side Road Authority	21	21	10	11	11	–	–	–	–	–
Manitoba First Nations Education Resource Centre Inc	65	65	55	10	3	4	3	–	–	–
Manitoba Metis Federation Inc	23	23	7	16	5	5	6	–	–	–
Metis Nation of Alberta Association	14	14	3	11	3	3	3	2	–	–
Mi'Kmaw Family & Children's Services of Nova Scotia	19	19	–	19	19	–	–	–	–	–
Mltc Child & Family Services Inc	22	22	8	14	7	7	–	–	–	–
National Aboriginal Capital Corporations Association	60	60	30	30	30	–	–	–	–	–
National Association Friendship Centres	218	218	87	131	44	43	44	–	–	–
Northern Nishnawbe Education Council	94	94	37	57	19	19	19	–	–	–
Nunavut Impact Review Board	54	54	32	22	4	5	4	5	4	–
Nunavut Planning Commission	50	50	24	26	5	5	6	5	5	–
Nunavut Water Board	46	46	24	22	4	4	5	4	5	–
Nunavut Wildlife Management Board	104	104	50	54	11	11	11	11	10	–
Peter Ballantyne Child & Family Services Inc	57	57	29	28	14	14	–	–	–	–
Southeast Child and Family Services	23	23	–	23	23	–	–	–	–	–
Stoney Nakoda Child and Family Services Society	10	10	–	10	10	–	–	–	–	–
The North West Company	76	76	34	42	21	21	–	–	–	–
Toquaht Indian Band	11	11	–	11	2	2	2	2	3	–
Treaty Six Education Council Inc	18	18	–	18	4	3	4	3	4	–
Yorkton Tribal Council Child and Family Services Incorporated	25	25	8	17	8	9	–	–	–	–
Yukon Environmental Socio-Economic Assessment Board	29	29	11	18	6	6	6	–	–	–
Yuthe Dene Sekwi Chu L A Koe Betsedi Inc	18	18	6	12	6	6	–	–	–	–
Funding Agreements for Provincial Governments and Territories										
Government of Yukon	73	73	62	11	11	–	–	–	–	–
Horizon School Division No 205	36	36	21	15	7	8	–	–	–	–
Living Sky School Division No 202	27	27	17	10	5	5	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Minister of Finance, Alberta	24	24	6	18	2	2	3	2	2	7
Ministry of Community and Social Services, Ontario	1,288	1,288	506	782	261	260	261	–	–	–
Prairie Valley School Division No 208	16	16	6	10	3	4	3	–	–	–
Grant										
Cree Nation Government	639	639	302	337	112	113	112	–	–	–
Miawpukek Band	107	107	31	76	11	11	11	11	11	21
Mi'Kmaw Kina'Matnewey	317	317	216	101	51	50	–	–	–	–
Nunatsiavut Government	234	234	161	73	24	24	25	–	–	–
Indian Self-Government										
Carcross/Tagish First Nation	56	56	22	34	8	9	8	9	–	–
Huu-Ay-Aht First Nations	43	43	25	18	3	3	4	4	4	–
Ka:'Yu:'K'T'H/Che:K:Tles7Et'H' First Nation	50	50	28	22	4	4	4	5	5	–
Kluane First Nation	45	45	26	19	5	5	5	4	–	–
Kwanlin Dun First Nation	121	121	69	52	13	13	13	13	–	–
Nisga'A Nation	489	489	417	72	72	–	–	–	–	–
Sechelt Indian Band	55	55	27	28	7	7	7	7	–	–
Sioux Valley Dakota Nation	15	15		15	15	–	–	–	–	–
Ta'An Kwach'An Council	42	42	24	18	4	5	4	5	–	–
Ucluelet First Nation	51	51	29	22	4	4	4	5	5	–
Westbank First Nation	90	90	52	38	6	6	7	6	7	6
Aggregate of various transfer payment agreements under $10 million										
Aggregate	4,676	4,676	2,483	2,193	1,184	491	277	147	86	8
	21,549	*21,549*	*9,310*	*12,239*	*4,656*	*3,142*	*2,338*	*1,190*	*834*	*79*
Infrastructure and Communities										
Office of Infrastructure of Canada										
Border Infrastructure Fund										
Aggregate	140	140	131	9	2	7	–	–	–	–
Government of Quebec										
Highways 35, 55, 73 and 173, Phase I and II	147	147	130	17		–	–	17	–	–
Building Canada Fund—Communities Component										
Aggregate	503	503	487	16	16	–	–	–	–	–
Government of Ontario	362	362	325	37	37	–	–	–	–	–
Government of Quebec	210	210	126	84	13	14	13	44	–	–
Building Canada Fund—Large Urban Centres Component										
Government of Quebec	200	200	49	151	30	30	30	61	–	–
Building Canada Fund—Major Infrastructure Component										
Aggregate	847	847	660	187	149	33	5	–	–	–
City of Ottawa										
Ottawa Light Rail Transit Project	600	600	386	214	126	30	58	–	–	–
City of Toronto										
Union Station revitalization	133	133	85	48	23	18	7	–	–	–
City of Toronto and Regional Municipality of York										
Toronto-York Spadina Subway extension	622	622	531	91	61	30	–	–	–	–
Government of Alberta										
Royal Alberta Museum	113	113	72	41	30	11	–	–	–	–
Government of British Columbia										
Evergreen Line Project	340	340	205	135	25	110	–	–	–	–
Highway 1: Mountain Highway Interchange	13	13	1	12	7	5	–	–	–	–
Highway 1: Pritchard at Hoffman's Bluff	26	26	14	12	12	–	–	–	–	–
Transit Improvement Initiative	48	48	28	20	20	–	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
Government of Quebec										
Ministry of Municipal Affairs and Land Occupancy										
Baie-Comeau Water Treatment Project	20	20	–	20	13	7	–	–	–	–
Jean R. Marcotte Wastewater Treatment Facility upgrade	64	64	1	63	13	24	15	11	–	–
Laval Drinking Water Treatment Plant	47	47	34	13	13	–	–	–	–	–
Montreal Combined Sewer Overflow Project	49	49	–	49	1	14	18	16	–	–
Outremont Switching Yard Project	30	30	5	25	5	9	8	3	–	–
Quartier des Spectacles of Montréal	40	40	29	11	2	3	3	3	–	–
Shawinigan Water Treatment System upgrades	24	24	–	24	15	8	1	–	–	–
Joseph and Wolf Lebovic Jewish Community Campus										
Jewish community campus	15	15	5	10	10	–	–	–	–	–
Metrolinx										
GO Transit Improvement Program	250	250	224	26	–	26	–	–	–	–
Regional Municipality of Waterloo										
Waterloo Rapid Transit	265	265	122	143	111	19	13	–	–	–
River Valley Alliance										
Capital Region River Valley Park, Connectivity Phase	30	30	7	23	13	7	3	–	–	–
Wilfrid Laurier University										
Laurier Brantford YMCA	17	17	5	12	5	7	–	–	–	–
Canada Strategic Infrastructure Fund										
Aggregate	950	950	919	31	25	6	–	–	–	–
City of Winnipeg										
Winnipeg Wastewater Treatment	42	42	16	26	10	16	–	–	–	–
Corporation of the City of Brampton										
Brampton Züm Phase II Project	42	42	23	19	10	9	–	–	–	–
Government of Quebec										
Highways 35, 50, 185, Dorval Interchange, Phase II	389	389	378	11	2	1	8	–	–	–
Greater Toronto Transit Authority										
GO Transit Rail Infrastructure Improvements	385	385	331	54	35	19	–	–	–	–
Metrolinx										
Metrolinx FareCards	47	47	19	28	16	12	–	–	–	–
Mont Tremblant Resorts & Co	37	37	19	18	18	–	–	–	–	–
Regional Municipality of York										
York Region Transit VIVA, Phase II	85	85	72	13	5	8	–	–	–	–
Green Infrastructure Fund										
Aggregate	138	138	115	23	15	8	–	–	–	–
City of Hamilton										
Woodward Avenue Wastewater Treatment Plant	100	100	–	100	10	29	31	21	9	–
Ministry of Sustainable Development, Environment and the Fight against Climate Change, Quebec										
Biomethanation in Longueuil	22	22	–	22	–	–	–	7	–	15
Biomethanation in Quebec City	17	17	–	17	–	–	–	5	–	12
Biomethanation in Saint-Hyacinthe	11	11	–	11	–	9	2	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Inuvik to Tuktoyaktuk Highway Program										
Government of the Northwest Territories	200	200	131	69	39	30	–	–	–	–
New Building Canada Fund—National and Regional Projects—Provincial-Territorial Infrastructure Component										
Aggregate	42	42	16	26	12	6	8	–	–	–
City of Ottawa										
Combined Sewage Storage Tunnel	62	62	–	62	3	21	17	21	–	–
City of Thompson										
Wastewater Treatment Project	12	12	–	12	6	4	2	–	–	–
Government of British Columbia	35	35	3	32	14	9	9	–	–	–
Government of Saskatchewan	71	71	20	51	18	17	16	–	–	–
Government of New Brunswick	66	66	7	59	13	20	5	8	6	7
Government of Nova Scotia	20	20	4	16	6	4	6	–	–	–
New Building Canada Fund—National Infrastructure Component										
Montreal Port Authority										
Optimization of port capacity	43	43	3	40	13	5	7	3	4	8
New Building Canada Fund—Small Communities Fund—Provincial-Territorial Infrastructure Component										
Government of Alberta	94	94	1	93	22	22	22	27	–	–
Government of British Columbia	109	109	1	108	18	25	25	17	10	13
Government of Manitoba	47	47	5	42	20	5	5	3	3	6
Government of New Brunswick	39	39	1	38	10	12	7	5	2	2
Government of Newfoundland and Labrador	35	35	–	35	–	–	6	6	6	17
Government of the Northwest Territories	26	26	–	26	14	4	3	3	2	–
Government of Nova Scotia	43	43	–	43	4	3	6	6	6	18
Government of Nunavut	26	26	–	26	11	–	4	4	4	3
Government of Ontario	272	272	3	269	47	72	66	42	20	22
Government of Prince Edward Island	28	28	–	28	8	3	3	2	3	9
Government of Quebec	177	177	–	177	18	27	88	44	–	–
Government of Saskatchewan	44	44	1	43	7	15	11	4	2	4
Government of Yukon	26	26	–	26	4	5	7	5	5	–
Provincial-Territorial Infrastructure Base Funding Program										
Government of Alberta	175	175	162	13	13	–	–	–	–	–
Government of Manitoba	175	175	165	10	10	–	–	–	–	–
Government of Newfoundland and Labrador	175	175	162	13	13	–	–	–	–	–
Government of Nova Scotia	175	175	160	15	15	–	–	–	–	–
Government of Ontario	175	175	157	18	18	–	–	–	–	–
Government of Quebec	175	175	150	25	25	–	–	–	–	–
Government of Saskatchewan	175	175	165	10	10	–	–	–	–	–
	10,162	*10,162*	*6,871*	*3,291*	*1,309*	*838*	*538*	*388*	*82*	*136*
Innovation, Science and Economic Development										
Industry										
Automotive Innovation Fund										
Linamar Corporation	51	51	19	32	20	12	–	–	–	–
Automotive Supplier Innovation Program										
Aggregate	20	20	4	16	8	3	5	–	–	–
Canarie Inc										
Operation of ultra-high speed research and education network	105	105	15	90	23	24	20	23	–	–
Community Futures Program										
Aggregate	29	29	9	20	7	6	6	1	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Connecting Canadians Program										
Aggregate	88	88	27	61	48	11	2	—	—	—
TELUS Communications Inc	24	24	4	20	11	8	1	—	—	—
Council of Canadian Academies										
Produce science-based, expert, objective assessments of the current state of knowledge	15	15	2	13	3	3	3	4	—	—
Let's Talk Science										
Promote youth engagement in science, technology, engineering and math	13	13	2	11	3	3	3	2	—	—
Miltacs Inc										
Delivery of industrial research and development internships	53	53	36	17	12	5	—	—	—	—
Northern Ontario Development Program										
Aggregate	93	93	48	45	33	10	2	—	—	—
Perimeter Institute for Theoretical Physics										
Research, training and education in theoretical physics	50	50	40	10	10	—	—	—	—	—
Strategic Aerospace and Defence Initiative										
Aggregate	87	87	56	31	17	11	2	1	—	—
CAE Inc	250	250	110	140	52	51	37	—	—	—
Héroux-Devtek Inc	49	49	24	25	25	—	—	—	—	—
Magellan Aerospace Limited	43	43	26	17	9	8	—	—	—	—
Wescam Inc	75	75	13	62	15	15	16	16	—	—
Technology Demonstration Program										
Bombardier Inc	54	54	—	54	10	13	13	10	8	—
Consortium for Aerospace Research and Innovation in Canada	30	30	10	20	8	6	6	—	—	—
MDA Systems Ltd	54	54	8	46	13	14	8	7	4	—
Economic Development Agency of Canada for the Regions of Quebec										
Economic Development of Quebec Program										
Gaz Métro Limited Partnership	21	21	1	20	20	—	—	—	—	—
Montréal International	41	41	25	16	4	3	2	2	5	—
Small and medium-sized enterprises (SME), SME groups and associations and non-profit organizations	887	887	715	172	111	54	6	1	—	—
Société du Parc Jean-Drapeau	62	62	5	57	6	6	6	6	6	27
Federal Economic Development Agency for Southern Ontario										
Advanced Manufacturing Fund										
Aggregate	44	44	21	23	11	6	6	—	—	—
Centre for Commercialization of Regenerative Medicine	20	20	1	19	7	7	5	—	—	—
Essar Steel Algoma Incorporated	30	30	1	29	8	13	8	—	—	—
Community Futures Program										
Aggregate	26	26	14	12	7	3	2	—	—	—
Eastern Ontario Development Program										
Aggregate	38	38	15	23	8	7	8	—	—	—
Southern Ontario Prosperity Initiative										
Aggregate	197	197	83	114	55	36	23	—	—	—
Canadian Manufacturers and Exporters	20	20	7	13	11	2	—	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Governing Council of the University of Toronto	20	20	6	14	5	5	4	–	–	–
McMaster University	12	12	1	11	6	5	–	–	–	–
Sunnybrook Research Institute	20	20	7	13	5	4	4	–	–	–
University of Waterloo	12	12	1	11	3	4	4	–	–	–
National Research Council of Canada										
Canada Accelerator and Incubator Program										
Aggregate	56	56	–	56	21	20	15	–	–	–
Industrial Research Assistance Program										
Aggregate	106	106	–	106	97	9	–	–	–	–
Triumf										
Joint venture by a consortium of universities to manage the TRIUMF Facility in British Columbia	472	472	254	218	53	54	56	55	–	–
Western Economic Diversification										
Canada 150 Community Infrastructure Program										
Aggregate	46	46	–	46	23	23	–	–	–	–
Community Futures Program										
Aggregate	54	54	–	54	27	27	–	–	–	–
Western Diversification Program										
Aggregate	99	99	–	99	58	27	7	3	4	–
Rick Hansen Foundation	35	35	22	13	7	6	–	–	–	–
	3,501	*3,501*	*1,632*	*1,869*	*880*	*524*	*280*	*131*	*27*	*27*
Justice										
Legal aid services and systems										
Aggregate	88	88	70	18	18	–	–	–	–	–
Government of Alberta	52	52	42	10	10	–	–	–	–	–
Government of British Columbia	68	68	54	14	14	–	–	–	–	–
Government of Ontario	217	217	174	43	43	–	–	–	–	–
Government of Quebec	117	117	94	23	23	–	–	–	–	–
Immigration and refugee legal aid component	59	59	47	12	12	–	–	–	–	–
Supporting Families Fund										
Aggregate	56	56	43	13	13	–	–	–	–	–
Victims Fund										
Aggregate	18	18	5	13	6	3	2	2	–	–
Youth justice services										
Aggregate	95	95	57	38	19	19	–	–	–	–
Government of Alberta	68	68	41	27	14	13	–	–	–	–
Government of British Columbia	88	88	53	35	18	17	–	–	–	–
Government of Manitoba	26	26	16	10	5	5	–	–	–	–
Government of Ontario	255	255	153	102	51	51	–	–	–	–
Government of Quebec	147	147	88	59	29	30	–	–	–	–
Government of Saskatchewan	30	30	18	12	6	6	–	–	–	–
Intensive Rehabilitative Custody and Supervision Program	55	55	33	22	11	11	–	–	–	–
	1,439	*1,439*	*988*	*451*	*292*	*155*	*2*	*2*	–	–
Natural Resources										
EcoENERGY for Renewable Power Program—Increase renewable power										
Aggregate	609	609	397	212	63	55	43	35	16	–
Ashlu Creek Investments Limited Partnership	26	26	16	10	3	2	3	2	–	–
Bear Mountain Wind Limited Partnership	20	20	9	11	2	2	2	5	–	–
Brilliant Expansion Power Corporation	47	47	35	12	5	7	–	–	–	–
Brookfield Power Wind Prince LP	53	53	40	13	13	–	–	–	–	–
Caribou Wind Park Limited Partnership	29	29	16	13	3	3	3	4	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Castle Rock Ridge Limited Partnership	23	23	8	15	2	2	2	2	2	5
Dokie General Partnership	33	33	16	17	3	4	3	3	4	–
Enbridge Ontario Wind Power LP	48	48	33	15	5	5	5	–	–	–
Ghost Pine Windfarm LP	21	21	11	10	2	2	2	2	2	–
Harrison Hydro Limited Partnership (1 of 2)	35	35	21	14	3	4	4	3	–	–
Harrison Hydro Limited Partnership (2 of 2)	25	25	13	12	3	2	3	2	2	–
Kruger Energy Chatham LP	31	31	16	15	3	3	3	3	3	–
Melancthon Wolfe Wind LP	49	49	33	16	5	5	5	1	–	–
Mont Louis Wind LP	31	31	15	16	3	3	3	3	4	–
Saint-Ulric Saint-Léandre Wind LP	32	32	21	11	3	3	3	2	–	–
St Joseph WindFarm Inc	42	42	21	21	4	4	5	4	4	–
Talbot Windfarm LP	30	30	14	16	3	3	3	3	4	–
Terraform IWG Ontario Holdings, LLC	24	24	12	12	2	3	2	3	2	–
Toba Montrose General Partnership	73	73	37	36	7	7	8	7	7	–
Western Sustainable Power Inc	21	21	10	11	2	2	2	2	3	–
Weyerhaeuser Company Limited	33	33	17	16	3	3	4	3	3	–
Forest Innovation Program—Investing in Canada's Forest Sector										
FPInnovations	19	19	–	19	19	–	–	–	–	–
Wind Power Production Incentive										
Aggregate	76	76	65	11	11	–	–	–	–	–
	1,430	*1,430*	*876*	*554*	*172*	*124*	*108*	*89*	*56*	*5*
Public Safety and Emergency Preparedness										
Department										
Financial Assistance Agreement, Lac-Mégantic										
Government of Quebec	120	120	82	38	38	–	–	–	–	–
First Nations Policing Program										
Aggregate	118	118	58	60	30	30	–	–	–	–
Anishinabek Police Service	17	17	6	11	6	5	–	–	–	–
Cree Regional Authority	35	35	17	18	9	9	–	–	–	–
Kativik Regional Government	36	36	18	18	9	9	–	–	–	–
Nishnawbe-Aski Police Service	38	38	13	25	13	12	–	–	–	–
Treaty Three Police Service Board	27	27	13	14	7	7	–	–	–	–
Safer Communities Initiative										
Aggregate	133	133	46	87	28	28	20	10	1	–
Royal Canadian Mounted Police										
Canadian Firearms Program										
Aggregate	60	60	46	14	14	–	–	–	–	–
	584	*584*	*299*	*285*	*154*	*100*	*20*	*10*	*1*	–
Transport										
Airports Capital Assistance Program										
Aggregate	40	40	5	35	26	9	–	–	–	–
Développement Aéroport Saint-Hubert de Longueuil	17	17	–	17	12	5	–	–	–	–
Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund										
Aggregate	137	137	108	29	28	1	–	–	–	–
Gateways and Border Crossings Fund										
Aéroport de Québec Inc	29	29	6	23	9	14	–	–	–	–
Government of Manitoba	51	51	27	24	8	12	3	1	–	–
Government of Ontario	764	764	625	139	139	–	–	–	–	–
Saint Mary's River Bridge Company	52	52	29	23	15	8	–	–	–	–
Trois-Rivières Port Authority	16	16	2	14	10	4	–	–	–	–
Outaouais Roads Development										
Quebec Ministry of Transportation	175	175	142	33	1	2	4	1	25	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
Provision of Ferry, Coastal Freight and Passenger Services in British Columbia										
British Columbia Ministry of Transportation and Infrastructure	635	635	458	177	29	30	29	30	29	30
Regional and Remote Passenger Rail Services										
Tshiuetin Rail Transportation Inc	30	30	15	15	8	7	–	–	–	–
Road Safety Transfer Payment Program										
Aggregate	15	15	3	12	3	3	3	3	–	–
	1,961	*1,961*	*1,420*	*541*	*288*	*95*	*39*	*35*	*54*	*30*
Subtotal	73,193	73,193	35,886	37,307	15,268	8,771	5,767	3,810	2,025	1,666
Consolidated Crown Corporations and Other Entities										
Canada Council for the Arts										
Grants	*96*	*96*	–	*96*	*81*	*9*	*6*	–	–	
Canada Foundation for Innovation										
Grants	*6,665*	*6,397*	*5,886*	*511*	*204*	*133*	*72*	*41*	*61*	–
International Development Research Centre										
Development Innovation Fund Program	*220*	*220*	*210*	*10*	*10*	–	–	–	–	–
PPP Canada Inc.										
P3 Canada Fund	*1,257*	*1,257*	*13*	*1,244*	*231*	*260*	*198*	*555*		–
Subtotal	8,238	7,970	6,109	1,861	526	402	276	596	61	–
Total transfer payment agreements	**81,431**	**81,163**	**41,995**	**39,168**	**15,794**	**9,173**	**6,043**	**4,406**	**2,086**	**1,666**
Capital assets and purchases										
Capital assets										
Environment and Climate Change										
Environment										
Nuna East Ltd										
Eureka Runway Reconstruction, Eureka Ellesmere Island, Nunavut	24	24	6	18	3	7	6	2	–	–
Parks Canada Agency										
Avalanche mitigation project, Trans-Canada Highway, Alberta										
Aggregate	97	23	8	15	15	–	–	–	–	–
	121	*47*	*14*	*33*	*18*	7	*6*	*2*	–	–
Fisheries, Oceans and the Canadian Coast Guard										
Fisheries and Oceans										
Acquisition of helicopters for the Canadian Coast Guard										
Bell Helicopter Textron Canada Limited										
Light-lift helicopters	153	153	114	39	39	–	–	–	–	–
Medium-lift helicopters	138	138	50	88	55	33	–	–	–	–
CAE Inc										
Full flight simulator	18	18	–	18	7	11	–	–	–	
Acquisition of Offshore Fisheries Science Vessels										
Vancouver Shipyards Co. Ltd	455	455	68	387	234	151	2		–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2017	2018	2019	2020	2021	2022 and subsequent
Procurement of fifteen Canadian Coast Guard Search and Rescue Lifeboats										
Chantier Naval Forillon Inc.	40	40	2	38	16	20	2	–	–	–
Hike Metal Products Ltd	38	38	3	35	15	17	3	–	–	–
	842	*842*	*237*	*605*	*366*	*232*	*7*	–	–	–
Infrastructure and Communities										
Office of Infrastructure of Canada										
Signature on the St. Lawrence Group										
New bridge for the St. Lawrence corridor Project[1]	*2,542*	*2,542*	*575*	*1,967*	*2*	*501*	*701*	*513*	*29*	*221*
Innovation, Science and Economic Development										
Canadian Space Agency										
RADARSAT Constellation Mission										
Aggregate	6	6	4	2	2	–	–	–	–	–
MacDonald, Dettwiler and Associates Ltd	983	983	724	259	133	58	64	4	–	–
	989	*989*	*728*	*261*	*135*	*58*	*64*	*4*	–	–
National Defence										
Aecon / SNC-Lavalin Construction (Atlantic) in Joint Venture										
Consolidate training and support facilities, Canadian Forces Base, Halifax, Esquimalt, Nanisivik	83	83	62	21	20	1	–	–	–	–
Almiq Contracting Ltd										
Arctic/Offshore Patrol Ships Project, design and construct naval facility	66	58	28	30	25	5	–	–	–	–
Boeing, Ridley Park, Pennsylvania										
15 Medium to Heavy Lift Helicopters (Chinooks)	1,273	1,273	1,235	38	31	7	–	–	–	–
CAE Inc										
Aircrew operational training services in support of the CC-130J and CH147F aircrafts	305	304	280	24	24	–	–	–	–	–
Dexter Construction Company Limited										
Replace jetty and dockyard, Halifax	132	83	10	73	46	27	–	–	–	–
DEW Engineering and Development ULC										
CBRN decontamination system	22	21	4	17	8	8	1	–	–	–
EADS Deutschland GBMH, Ulm, Germany										
Area Surveillance and Secondary Surveillance Radar	68	67	27	40	27	13	–	–	–	–
EllisDon Kinetic—Joint Venture										
Design and construct maintenance facility, CFB Esquimalt, British Columbia	210	206	114	92	59	33	–	–	–	–
FFG Flensburger Fahrzeugbau Gesellschaft mbH, Flensburg, Germany										
Armoured engineer vehicles	180	180	75	105	60	45	–	–	–	–
General Dynamics Canada Ltd										
CP-140 Aurora Data Management System Project	618	618	401	217	55	56	69	28	9	–
Design and build of Mercury Global Anchor Stations	59	59	8	51	11	33	7	–	–	–
Joint Information and Intelligence Fusion Compatibility Data Mediation Interface	16	16	4	12	5	4	3	–	–	–
Land Command Support System Engineering and Integration Long Term Support Contract	750	669	633	36	36	–	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Light Armoured Vehicle III Upgrade Implementation Contract	1,087	1,087	819	268	140	95	33	–	–	–
Light Armoured Vehicle: Reconnaissance Surveillance Suite	286	286	27	259	42	127	51	39	–	–
Irving Shipbuilding Inc										
Arctic Offshore Patrol Ship Build Contract	2,743	2,263	280	1,983	324	414	390	379	229	247
Arctic Offshore Patrol Ship Definition Contract	233	233	222	11	5	2	2	2	–	–
Canadian Surface Combatant Ancillary Definition Support Contract	32	32	12	20	15	5	–	–	–	–
Israel Ministry of Defence										
The Stand-Off Detection System	39	38	21	17	3	14	–	–	–	–
Krauss-Maffei Wegmann GmbH & Co KG Munich, Germany										
Implementation of Leopard 2 Tactical Mobility Implement System	31	29	5	24	19	5	–	–	–	–
Leopard 2 A4M Main Battle Tank Upgrade	42	41	29	12	12	–	–	–	–	–
Lockheed Martin Canada										
Combat Systems Integration	1,639	1,572	1,462	110	90	16	4	–	–	–
Lockheed Martin Corporation, United States										
Aurora Structural Life Extension Project	298	297	248	49	45	4	–	–	–	–
MacDonald Dettwiler and Associates Ltd										
CP-140 Aurora Aircraft Imaging Radar Acquisition Project	323	323	285	38	24	10	4	–	–	–
Mack Defense LLC										
Standard Military Pattern Vehicle	684	684	–	684	1	285	325	73	–	–
Pomerleau Inc										
NETE facility modernization and upgrade	12	11	–	11	11	–	–	–	–	–
Rheinmetall Canada										
SATCom on the Move	22	22	6	16	6	10	–	–	–	–
Rheinmetall Landsysteme GmbH										
Armoured Recovery Vehicle conversion and integrated logistic support, Saint-Jean-sur-Richelieu, Quebec	84	84	71	13	13	–	–	–	–	–
Sikorsky International Operations Inc Stratford, United States										
Acquisition of 28 maritime helicopters	1,916	1,916	1,145	771	21	16	170	129	147	288
Textron Systems Canada Inc										
Tactical Armoured Patrol Vehicle acquisition contract	620	620	45	575	356	219	–	–	–	–
Thales Canada Inc										
Land Command Support System Software Long Term Support Contract	350	299	282	17	17	–	–	–	–	–
United States Department of the Air Force										
Directed Infra-Red Counter Measures	92	92	45	47	8	39	–	–	–	–
Support for the Battle Control System Fixed	11	11	–	11	2	7	2	–	–	–
United States Department of the Navy										
Protected Military Satellite Communications	105	105	68	37	6	5	5	6	5	10
Operational Flight Program Software Support	28	26	14	12	1	–	1	–	1	9
Vancouver Shipyards Co. Ltd										
Joint support ship, initial design review contract	88	88	21	67	67	–	–	–	–	–
Joint support ship, long lead items contract	35	35	–	35	19	16	–	–	–	–
	14,582	*13,831*	*7,988*	*5,843*	*1,654*	*1,521*	*1,067*	*656*	*391*	*554*

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Public Services and Procurement										
Public Works and Government Services										
8424934 Canada Inc										
Public Service Pay Centre lease, Miramichi, New Brunswick[2]	64	64		64	–	1	2	3	3	55
Cobalt Construction Inc										
North Alaska Highway, reconstruction services, British Columbia	13	13	1	12	12	–	–	–	–	–
Construction Demathieu & Bard Inc										
Latchford dam replacement, Ontario	27	27	15	12	12	–	–	–	–	–
EllisDon Corporation										
Canadian High Arctic Research Station (CHARS), Cambridge Bay, Nunavut	128	128	70	58	38	20	–	–	–	–
Government Conference Centre, Ottawa, Ontario										
Aggregate	138	30	22	8	5	3	–	–	–	–
PCL Constructors Canada Inc	132	132	33	99	39	60	–	–	–	–
Pomerleau Inc										
Reconstruction of the Voltigeurs de Québec Armoury	64	64	16	48	28	20	–	–	–	–
Postal Station B Envelope Rehabilitation Project										
Aggregate	19	9	4	5	4	1	–	–	–	–
EllisDon Corporation	30	30	–	30	13	17	–	–	–	–
Scansa Construction Ltd										
Esquimalt Graving Dock, electrical upgrade	18	18	6	12	12	–	–	–	–	–
Société d'habitation et de développement de Montréal										
National Film Board of Canada lease, Quartier des spectacles, Montréal, Quebec[2]	65	65	–	65	–	–	3	3	3	56
Transformation of Pay Administration										
Aggregate	16	16	15	1	1	–	–	–	–	–
IBM Canada Ltd	135	127	110	17	17	–	–	–	–	–
Visitor Welcome Centre, Ottawa, Ontario	130	78	34	44	32	12	–	–	–	–
Wellington Building Renovation, Ottawa, Ontario	425	399	381	18	16	2	–	–	–	–
West Block Program, Ottawa, Ontario	1,171	961	745	216	173	40	3	–	–	–
Wright Construction Western Inc										
Semiarid Prairie Agricultural Research Centre Research, Saskatchewan	28	28	5	23	13	10	–	–	–	–
	2,603	*2,189*	*1,457*	*732*	*415*	*186*	*8*	*6*	*6*	*111*
Subtotal	21,679	20,440	10,999	9,441	2,590	2,505	1,853	1,181	426	886
Consolidated Crown Corporations and Other Entities										
Canadian Air Transport Security Authority										
Aéroports de Montréal	19	19	3	16	16	–	–	–	–	–
Greater Toronto Airports Authority	80	80	44	36	33	3	–	–	–	–
The Calgary Airport Authority	14	14	2	12	3	4	5	–	–	–
Vancouver International Airport Authority	114	114	47	67	5	20	25	17	–	–
	227	*227*	*96*	*131*	*57*	*27*	*30*	*17*	–	–
Canada Science and Technology Museum Corporation										
Pomerleau	*80*	*32*	*7*	*25*	*25*	–	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
Jacques Cartier and Champlain Bridges Inc										
Montage Saint-Laurent										
Replacement of bearings and steel works aiming for the reinforcement of the Jacques Cartier Bridge	28	28		28	26	2	–	–	–	–
Sanexan										
Groundwater treatment project, Bonaventure highway	12	12	–	12	3	–	1	8	–	–
	40	*40*	–	*40*	*29*	*2*	*1*	*8*	–	–
National Arts Centre Corporation										
PCL Consruction										
Architectural rejuvenation	*111*	*98*	*8*	*90*	*68*	*22*	–	–	–	–
Windsor-Detroit Bridge Authority										
Amico										
Early works, bridge and Canadian plaza	62	62	20	42	42	–	–	–	–	–
Union Gas										
Utility relocation	13	13	–	13	13	–	–	–	–	–
	75	*75*	*20*	*55*	*55*	–	–	–	–	–
Subtotal	533	472	131	341	234	51	31	25		
Total capital assets	22,212	20,912	11,130	9,782	2,824	2,556	1,884	1,206	426	886
Purchases										
Environment and Climate Change										
Environment										
Bell Mobility										
Broadcast services	17	17	5	12	1		1	1	1	8
McNally Construction Inc and Riggs Engineering										
Randle Reef Contaminated Sediment Remediation Project	139	37	4	33	17	16	–	–	–	–
	156	*54*	*9*	*45*	*18*	*16*	*1*	*1*	*1*	*8*
Families, Children and Social Development										
Employment and Social Development										
Accenture Inc										
Mainframe Legacy Application Migration Project	40	40	6	34	32	2	–	–	–	–
Davis + Henderson Limited Partnership										
Student loans management services	603	603	583	20	20	–	–	–	–	–
Quantum Management Services Ltd										
Provide and manage a team of information centre specialists to assist in the delivery of public enquiry services	59	59	41	18	18	–	–	–	–	–
	702	*702*	*630*	*72*	*70*	*2*	–	–	–	–
Fisheries, Oceans and the Canadian Coast Guard										
Fisheries and Oceans										
Provincial Airlines Ltd										
Air surveillance services	*146*	*146*	*99*	*47*	*16*	*15*	*16*	–	–	–
Health										
Department										
Express Scripts Inc										
Management and administration of the Health Information Claims Processing System	172	172	125	47	23	24	–	–	–	–
Nursing services										
Bayshore Health Care	21	21	8	13	11	2	–	–	–	–
Padabun Nursing Inc CHCA Ltd	31	31	19	12	9	3	–	–	–	–
Venture Health Care Inc	52	52	7	45	29	16	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Public Health Agency of Canada										
Cangene Corporation										
Vaccination products	16	16	–	16	5	11	–	–	–	–
GlaxoSmithKline Inc										
Pandemic readiness fees	95	95	46	49	9	10	10	10	10	–
	387	*387*	*205*	*182*	*86*	*66*	*10*	*10*	*10*	–
Immigration, Refugees and Citizenship										
Citizenship and Immigration										
Canadian Bank Note Company Ltd										
Purchase of passport materials	213	213	137	76	37	39	–	–	–	–
International Organization for Migration, Switzerland										
Air transportation services in support of the Syrian refugee resettlement operation	71	71	53	18	18	–	–	–	–	–
VF Worldwide Holdings Limited, Mauritius										
Global Network of Visa Application Centres including Biometric collection functions	44	44	20	24	16	8	–	–	–	–
	328	*328*	*210*	*118*	*71*	*47*	–	–	–	–
Innovation, Science and Economic Development										
Canadian Space Agency										
MacDonald Dettwiler and Associates Ltd										
Logistics and Sustaining Engineering Support for the International Space Station Mobile Servicing System	159	159	120	39	34	5	–	–	–	–
Replacement of Mobile Servicing System Cameras on the International Space Station	15	15	5	10	10	–	–	–	–	–
Statistics Canada										
Canada Post Corporation										
2016 Census and National Household Survey, Postage services	44	44	6	38	38	–	–	–	–	–
	218	*218*	*131*	*87*	*82*	*5*	–	–	–	–
National Defence										
Department										
ADGA Group Consultants Inc										
Land Command Support System Weapon System Management	251	133	116	17	17	–	–	–	–	–
Aircraft Appliances and Equipment Limited										
Repair and overhaul of AC electrical components	41	41	29	12	4	5	3	–	–	–
Allied Wings Limited Partnership										
Primary rotary wing and multi-engine pilot training, Portage, Manitoba	1,828	1,767	769	998	82	83	84	85	85	579
AMEC Foster Wheeler (Dartmouth), Nordlys Environmental Limited Partnership and others										
Goose Bay Remediation Project, Newfoundland and Labrador	94	72	45	27	15	8	4	–	–	–
ATCO Group										
Facilities maintenance, Calgary, Alberta	81	81	54	27	13	14	–	–	–	–
Babcock Canada Inc										
HMCS Cornerbrook Extended Docking Work Period	262	168	43	125	80	45	–	–	–	–
Victoria Class in service support contract	1,707	901	644	257	120	120	17	–	–	–
Bell Helicopter Textron Canada Limited										
Optimized Weapon System Support, CH-146 Griffon	641	641	405	236	59	59	59	59	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
BMT Fleet Technology Limited										
ELMS Services to ship design	53	53	38	15	5	5	5	—	—	—
Boeing, Pennsylvania										
CH-147F Fleet in service support	425	425	234	191	94	97	—	—	—	—
CAE Inc										
Aircrew operational training services in support of the CC-130J and CH-147F aircrafts	287	285	20	265	13	15	13	14	13	197
On-site hardware and software maintenance to the operational and training staff	20	20	—	20	9	5	6	—	—	—
CAE Military Aviation Training Inc										
NATO Flying training in Canada, Moose Jaw and Cold Lake	2,583	1,922	1,419	503	105	108	108	73	22	87
Calian Technologies Ltd										
Recruit and manage health service providers for the Canadian Armed Forces	744	744	643	101	101	—	—	—	—	—
Canadian Base Operators Meaford										
Provide base and logistical services	219	219	138	81	16	16	16	16	17	—
Carillion Canada Inc										
Maintenance and support services for Canadian Forces Housing Agency, Petawawa, Ontario	18	18	7	11	6	5	—	—	—	—
Cascade Aerospace Inc										
CC-130 Hercules Avionics Optimized Weapon System Management (1 of 2)	44	44	6	38	19	19	—	—	—	—
CC-130 Hercules Avionics Optimized Weapon System Management (2 of 2)	698	698	635	63	63	—	—	—	—	—
Corporation Fort Saint-Jean										
Support to RMC St-Jean, Quebec	346	248	131	117	23	24	24	25	21	—
Cubic Defense Applications Inc, California										
Weapons Effects Simulation	209	209	193	16	16	—	—	—	—	—
DRS Technologies Canada Inc										
Repair and overhaul IFR Search and Track System	42	37	16	21	21	—	—	—	—	—
Elbit Systems EW and SIGINT-Elisra Inc, Israel										
Miscellaneous communications equipment	29	24	1	23	18	5	—	—	—	—
Fleetway Inc										
In service support for Halifax and Iroquois Class vessels	150	150	118	32	13	13	6	—	—	—
General Dynamics Canada Ltd										
Combat Net Radio / VIU upgrade	122	122	56	66	66	—	—	—	—	—
Wheeled Light Armoured Vehicle Optimized Weapon Systems Support, phase 2	784	696	636	60	24	16	10	10	—	—
Harris Canada Inc										
CF-18 Hornet Avionics Optimized Weapon System Support	198	198	110	88	22	22	22	22	—	—
Hewitt Equipment Limited										
Diesel generator set replacement and in service support	93	59	1	58	13	12	9	10	8	6
IMP Group Ltd, Aerospace Division										
CH-124 Sea King Helicopter Third line support contract	455	421	375	46	24	22	—	—	—	—
CH-149 Cormorant Helicopter in service support contract	1,938	1,693	1,330	363	211	27	28	29	31	37
Irving Shipbuilding Inc										
Halifax Class modernization	688	688	566	122	41	41	40	—	—	—

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
L-3 Communications										
CC-150 aircraft in service support	150	150	128	22	11	11				
CF-18 Hornet Aircraft System Engineering Support	1,111	1,111	1,035	76	76					
CP-140 Aurora Aircraft Avionics Optimized Weapon System Support	395	395	327	68	34	34				
Repair and overhaul	35	35	22	13	13					
Lloyd's Register Canada Limited										
Classification Society Support for Combatants	88	17	1	16	4	4	4	4		
Lockheed Martin Canada										
Combat Systems Integration	548	345	94	251	84	83	84			
Lockheed Martin Corporation, Georgia										
CC130J aircraft in service support	4,016	3,857	3,207	650	130	125	118	125	152	
Lockheed Martin Overseas Services Corporation, Maryland										
Modification of four FPS-117(V) CCR systems	33	33	21	12	12					
Lockheed Martin Canada Inc and Pratt & Whitney Canada Inc										
The F-35 Joint Strike Fighter Program—Production, sustainment and follow-on development phase	86	86	61	25	25					
Logistik Unicorp Inc										
Consolidated Clothing Contract	603	520	420	100	60	40				
Mack Defense LLC										
Standard Military Pattern Vehicle in service support	43	43		43		9	18	16		
MAN Diesel & Turbo Canada Ltd										
Repair and overhaul Halifax Class propulsion diesel engines	50	32	17	15	15					
Montfort Health Services										
Provide medical and dental facility and professional services	112	112	72	40	10	9	10	9	2	
NATO Seasparrow										
Evolved Seasparrow Missile—in service support contract, block 1	133	133	65	68	19	18	17	14		
Evolved Seasparrow Missile—Engineering and manufacturing development, block 2	189	162	123	39	38	1				
Orenda Aerospace Corporation										
F404 Propulsion Group interim support	50	50	34	16	16					
Projet Resolve Inc										
Interim Auxiliary Oiler Replenishment Services	540	540	3	537	16	74	99	101	100	147
Peerless Garments Ltd										
Enhanced combat uniform	33	33	23	10	10					
Raytheon Canada Limited										
CIWS 2 repair, overhaul and conversion, radar equipment	181	181	148	33	12	11	7	3		
North Warning System operation and maintenance	231	175	66	109	33	33	34	9		
R.J. MacIsaac Construction Ltd										
Ship disposal ExPRO and ExALG	39	39	3	36	18	18				
SERCO Facilities Management Inc										
Provision of site services at Goose Bay, Newfoundland and Labrador	592	591	512	79	79					
Sikorsky International Operations Inc										
Maritime helicopters in service support	5,767	5,737	560	5,177	89	177	219	178	138	4,376
SNC Lavalin Defence Programs Inc										
In service support contract for MCDV/AUX	685	292	262	30	15	15				

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Standard Aero Limited										
Repair and overhaul of CC-130 Hercules and CP-140 Aurora T56 engines	45	45	28	17	17	–	–	–	–	–
Textron Systems Canada Inc										
Tactical Armoured Patrol Vehicle support contract	106	106	41	65	15	12	7	6	5	20
United States Department of Defense										
Operations and support of Advanced Extremely High Frequency MILSATCOM System	89	84	29	55	6	6	6	7	7	23
United States Department of the Air Force										
CC-177 Aircraft in service support	959	798	712	86	55	31	–	–	–	–
Wideband Global Satellite Communications System	397	345	259	86	61	2	–	1	1	21
United States Department of the Army										
Ammunition	202	178	99	79	38	36	5	–	–	–
Repair and return of T55 engines	14	14	1	13	3	3	3	4	–	–
United States Department of the Navy										
AC structural component (1 of 2)	21	21	9	12	2	3	3	3	1	–
AC structural component (2 of 2)	19	18	4	14	3	3	2	3	3	–
CF-18 NP PMA 265 Support	25	25	10	15	4	5	5	1	–	–
CF-18 repair of repairables	26	26	14	12	3	3	3	3	–	–
Heavy weight torpedo upgrade	204	204	43	161	27	27	27	27	27	26
Repair and overhaul recertification	19	19	3	16	7	7	2	–	–	–
Victoria Shipbuilding Limited										
Halifax Class modernization	505	505	416	89	35	42	12	–	–	–
Wartsila Canada Inc										
Repair and overhaul diesel engines and generators	26	17	3	14	7	7	–	–	–	–
Weir Canada Inc										
Maritime Systems and Engineering	630	347	201	146	49	48	49	–	–	–
Communications Security Establishment										
Plenary Properties										
Public-private partnership arrangement to design, build, finance and maintain (35 years)	3,079	3,064	224	2,840	102	102	117	109	100	2,310
	37,126	*33,262*	*18,078*	*15,184*	*2,566*	*1,785*	*1,305*	*966*	*733*	*7,829*
Infrastructure and Communities										
Office of Infrastructure of Canada										
Professional services for the New Bridge for the St. Lawrence Corridor Project										
Arup Canada Inc	17	17	3	14	4	3	4	3	–	–
Signature on the St. Lawrence Group	1,435	1,435	1	1,434	2	2	4	20	35	1,371
	1,452	*1,452*	*4*	*1,448*	*6*	*5*	*8*	*23*	*35*	*1,371*
Privy Council										
Office of the Chief Electoral Officer										
IBM Canada										
Information technology and telecommunications consultants	*22*	*22*	*11*	*11*	*11*	–	–	–	–	–
Public Safety and Emergency Preparedness										
Correctional Service										
Community residential facilities										
Aggregate	147	137	43	94	94	–	–	–	–	–
Corrections and Conditional Release Act—provide custody and delivery of correctional services to federally sentenced Aboriginal offenders										
Aggregate	35	35	25	10	6	4	–	–	–	–
Royal Canadian Mounted Police										
RCMP Fleet Vehicles	90	90	58	32	32	–	–	–	–	–
	272	*262*	*126*	*136*	*132*	*4*	–	–	–	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Public Services and Procurement										
Public Works and Government Services										
Build in Canada Innovation Program										
Aggregate	34	34	21	13	13	–	–	–	–	–
Brookfield Global Integrated Solutions Canada LP										
Building maintenance services	9,091	8,989	581	8,408	1,392	1,155	1,139	1,140	1,139	2,443
Card acceptance services										
Amex Bank of Canada	22	22	2	20	4	5	6	5	–	–
Moneris Solutions Corporation	185	185	11	174	46	44	40	44	–	–
Entreprise de Construction TEQ Inc										
Major redevelopment and development of call centre	19	19	–	19	14	5	–	–	–	–
Dexter Construction Company Limited										
Bridge replacement, St-Peter's, Nova Scotia	13	13	–	13	12	1	–	–	–	–
Dragage Océan DSM Inc										
Maintenance dredging of St Lawrence Seaway, North Traverse, Quebec	30	30	19	11	4	3	4	–	–	–
Green Timbers Limited Partnership										
Public-Private Partnership Relocation Project – RCMP "E" Division relocation, Surrey, British Columbia	713	713	96	617	30	29	29	29	30	470
McNally Construction Inc										
Randle Reef Contaminated Sediment Remediation Project, Stage 1 Construction, Hamilton Harbour, Ontario	29	29	3	26	20	6	–	–	–	–
North Alaska Highway maintenance and repair services, British Columbia										
Aggregate	123	123	91	32	16	14	2	–	–	–
Nuna East Ltd										
Runway and tarmac rehabilitation and construction of new tarmac, Eureka, Nunavut	22	22	5	17	6	11	–	–	–	–
Nuna Logistics Limited										
Giant Mine remediation, Yellowknife, Northwest Territories	37	37	27	10	10	–	–	–	–	–
Pension Modernization										
Aggregate	27	16	14	2	2	–	–	–	–	–
Hewlett-Packard (Canada) Company	319	289	276	13	13	–	–	–	–	–
Vancouver Shipyards Co. Ltd										
National Shipbuilding Procurement Strategy	40	40	25	15	10	5	–	–	–	–
Tax and operation and maintenance portion on leases										
2237800 Ontario Ltd										
395 Terminal Avenue, Ottawa, Ontario	68	68	11	57	4	4	4	5	5	35
4345177 Canada Inc										
Fontaine Building, 200 Sacré-Cœur Boulevard, Gatineau, Quebec	46	46	22	24	3	3	3	4	4	7
519719 Ontario Inc										
1600 Star Top Road, Ottawa, Ontario	57	57	47	10	3	3	3	1	–	–
6149625 Canada Inc										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	23	23	3	20	1	–	1	1	1	16
6149626 Canada Inc										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec	107	107	15	92	3	4	4	4	4	73
8424934 Canada Inc										
Public Service Pay Centre lease, Miramichi, New Brunswick[3]	15	15	–	15	–	–	–	1	1	13

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2017	2018	2019	2020	2021	2022 and subsequent
Broccolini Construction										
455 de la Carrière Boulevard, Gatineau, Quebec	220	220	19	201	7	8	8	8	8	162
Canada Post Corporation										
750 Heron Road, Ottawa, Ontario	56	56	36	20	5	5	6	4	—	—
City of Vancouver										
Library Square, 360 Georgia Street West, Vancouver, British Columbia	30	30	20	10	2	3	2	3	—	—
Computershare Trust Company of Canada										
Canada Place Building, 9700 Jasper Avenue, Edmonton, Alberta	314	314	92	222	12	12	12	12	12	162
Harry Hays Building, 220 - 4th Avenue, Calgary, Alberta	199	199	57	142	7	8	8	8	8	103
Joseph Sheppard Building, 4900 Yonge Street, Toronto, Ontario	281	281	82	199	10	11	11	11	11	145
RCMP Building, 4225 Dorchester Boulevard West, Westmount, Quebec	100	100	26	74	4	4	4	4	4	54
Revenue Canada Building, 305 René-Lévesque Boulevard West, Montréal, Quebec	118	118	29	89	5	4	5	5	5	65
Skyline Complex, 1400 Merivale Road, Ottawa, Ontario	294	294	115	179	9	10	10	10	10	130
Thomas D'Arcy McGee Building, 90 Sparks Street, Ottawa, Ontario	270	270	68	202	11	11	11	11	11	147
Consortium GM Développement, OGESCO Construction, Pierre Martin & Associés, Design & Architecture										
1550 d'Estimauville Avenue, Québec, Quebec	69	69	13	56	3	3	3	3	4	40
M P N Holdings Ltd										
111 Lombard Avenue, Winnipeg, Manitoba	12	12	—	12	1	—	1	—	1	9
Minto Commercial Properties Inc										
Mercury Centre, 3000 Merivale Road, Ottawa, Ontario	374	374	66	308	12	13	14	14	15	240
Morguard Corporation										
181 Queen Street, Ottawa, Ontario	67	67	37	30	4	3	4	4	4	11
Trusco Building, 131 Queen Street, Ottawa, Ontario	147	147	59	88	7	8	8	8	8	49
Pomerleau, Kevlar et Québec Inc										
2575 Ste-Anne Boulevard, Québec, Quebec	52	52	2	50	2	2	3	2	2	39
Société d'habitation et de développement de Montréal										
National Film Board of Canada lease, Quartier des spectacles, Montréal, Quebec[3]	54	54		54	—		2	2	3	47
Société en commandite Montcalm										
Montcalm Place, Phase II, 200 Montcalm Street, Gatineau, Quebec	23	23	5	18	1	2	1	2	2	10
Société en nom collectif Place Montcalm (Phase III)										
Montcalm Place, Phase III, 70 Crémazie Street, Gatineau, Quebec	52	52	41	11	4	4	3	—	—	—
The Canada Life Assurance Company										
Judicial Complex, 180 Queen Street West, Toronto, Ontario	95	95	42	53	5	5	5	5	5	28

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31 2017	2018	2019	2020	2021	2022 and subsequent
The Great-West Life Assurance Company										
James Michael Flaherty Building, 90 Elgin Street, Ottawa, Ontario	309	309	19	290	12	12	12	12	12	230
The Great-West Life Assurance Company of Canada and London Life Insurance Company										
269 Laurier Street West, Ottawa, Ontario	84	84	57	27	6	6	6	6	3	—
Shared Services Canada										
Allstream										
Wide area network services	241	241	51	190	1	26	32	39	45	47
Bell Canada										
Data networks—Government cabling services	170	170	35	135	15	30	30	30	30	—
Wide area network services / Networking equipment and services	72	72	48	24	9	15	—			—
IBM Canada Ltd										
Data centres consolidation—Workplace technology devices strategic sourcing	49	49	25	24	1	1	3	3	4	12
Data centres—Large computers and operating systems	257	257	100	157	6	84	67	—		
Telus Communications Company										
Wide area network services (1 of 3)	241	241	51	190	2	26	32	39	45	46
Wide area network services (2 of 3)	156	156	111	45	7	8	21	9	—	—
Wide area network services (3 of 3)	28	28	8	20	—	6	7	7	—	—
	15,454	*15,311*	*2,583*	*12,728*	*1,776*	*1,622*	*1,566*	*1,495*	*1,436*	*4,833*
Treasury Board										
Sun Life Assurance Company of Canada										
Public Service Health Care Plan (Administration)	*175*	*175*	*150*	*25*	*25*	—				
Subtotal	56,438	52,319	22,236	30,083	4,859	3,567	2,906	2,495	2,215	14,041
Consolidated Crown Corporations and Other Entities										
Atomic Energy of Canada Limited										
Purchase orders	*728*	*728*	*425*	*303*	*303*	—	—	—		—
Canadian Air Transport Security Authority										
Garda Security Screening Inc—Central	652	652	516	136	136					
Garda Security Screening Inc—Prairies	422	422	353	69	69			—		—
G4S Secure Solutions (Canada) Ltd	416	416	340	76	76			—	—	
Logistik Unicorp Inc	17	17	6	11	3	4	4	—	—	—
Morpho Detection Inc	201	201	94	107	61	46		—	—	
NAV Canada	112	112	51	61	12	12	12	12	13	—
Securitas Transport Aviation Security Ltd	462	462	384	78	78			—		
Smiths Detection Montreal Inc	39	39	17	22	6	6	6	4		
Sun Life Assurance Company of Canada	31	31	11	20	4	4	4	4	4	—
	2,352	*2,352*	*1,772*	*580*	*445*	*72*	*26*	*20*	*17*	—
Canada Council for the Arts										
Commited capital for investments	*56*	*56*	*34*	*22*	*11*	*7*	*4*	—	—	
Canadian Broadcasting Corporation										
Programming rights										
Sports	169	169	20	149	14	20	13	11	36	55
Other	33	33		33	—		6	8	8	11
SAP Canada	14	14	1	13	1	1	2	1	2	6
SNC-Lavalin Profac Inc	471	471	312	159	38	39	40	42	—	
Transmission and distribution	35	35	6	29	6	6	6	6	5	
	722	*722*	*339*	*383*	*59*	*66*	*67*	*68*	*51*	*72*
Canadian Commercial Corporation										
Contracts with Canadian exporters	*19,085*	*19,085*	*762*	*18,323*	*861*	*2,076*	*4,446*	*5,509*	*3,735*	*1,696*

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Jacques Cartier and Champlain Bridges Inc										
Rehabilitation work, Champlain Bridge										
Construction Interlag Inc	41	41	2	39	30	9	–	–	–	–
Pomerleau Inc	44	44	1	43	43	–	–	–	–	–
	85	*85*	*3*	*82*	*73*	*9*	–	–	–	–
National Capital Commission										
Land management and maintenance										
City of Ottawa	17	17	7	10	–	–	1	–	–	9
Services récréatifs DEMSIS Inc	21	21	3	18	4	4	4	5	1	–
	38	*38*	*10*	*28*	*4*	*4*	*5*	*5*	*1*	*9*
St. Lawrence Seaway Management Corporation										
Dufferin Construction	*87*	*87*	*67*	*20*	*19*	*1*	–	–	–	–
Subtotal	*23,153*	*23,153*	*3,412*	*19,741*	*1,775*	*2,235*	*4,548*	*5,602*	*3,804*	*1,777*
Total purchases	79,591	75,472	25,648	49,824	6,634	5,802	7,454	8,097	6,019	15,818
Total capital assets and purchases	**101,803**	**96,384**	**36,778**	**59,606**	**9,458**	**8,358**	**9,338**	**9,303**	**6,445**	**16,704**
Operating leases										
Environment and Climate Change										
Environment										
Capilano Indian Reserve No. 5 of Vancouver, British Columbia										
Lease of land –Pacific Environmental Center	*385*	*385*	*180*	*205*	*8*	*8*	*8*	*8*	*8*	*165*
Global Affairs										
Foreign Affairs, Trade and Development										
AG Insurance S.A.										
Chancery, Brussels, Belgium	14	14	–	14	1	1	1	1	1	9
Main Business Administration for Services to the Diplomatic Corps (GlavUpDK)										
Chancery, Russia	67	67	30	37	–	2	3	3	3	26
Pacific Grace Limited										
Chancery, Hong Kong, China	22	22	7	15	2	2	2	2	3	4
Property Trust Nominees Ltd & New Ireland Assurance										
Chancery, Dublin, Ireland	18	18	5	13	1	–	1	–	1	10
Shanghai JinAn Century Property Development Co Ltd										
Chancery, Shanghai, China	57	57	46	11	11	–	–	–	–	–
Spanish Space Tower, S.A.U. (Torre Espacio Castellana, S.A.U.)										
Chancery, Madrid, Spain	35	35	12	23	2	2	2	1	1	15
The HongKong Land Property Company Limited										
Chancery, Hong Kong, China	20	20	5	15	2	2	2	2	2	5
	233	*233*	*105*	*128*	*19*	*9*	*11*	*9*	*11*	*69*
Public Services and Procurement										
Public Works and Government Services										
0957333 BC Ltd										
3991 Gladys Avenue, Abbotsford, British Columbia	22	22	6	16	1	2	1	2	1	9
1252065 Ontario Inc										
2265 St-Laurent Boulevard, Ottawa, Ontario	13	13	1	12	1	1	1	1	2	6
1550 Carling Inc										
Carling Business Centre, 1451 Coldrey Avenue and 1550 Carling Avenue, Ottawa, Ontario	27	27	14	13	3	2	3	3	2	–

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
1823175 Ontario Inc										
Pinecrest Office Park, 2745 Iris Street, Ottawa, Ontario	26	26	3	23	2	2	2	2	2	13
25 Nicholas Properties Ltd										
The Albion Executive Tower, Ottawa, Ontario	35	35	23	12	4	3	4	1	–	–
3934381 Canada Inc										
1138 Melville Street, Vancouver, British Columbia	109	73	39	34	7	7	8	7	5	–
927094 Alberta Ltd										
9240 - 49th Street, Edmonton, Alberta	50	50	9	41	3	3	3	3	4	25
Armco Capital Inc										
145 Hobsons Lake Drive, Halifax, Nova Scotia	41	29	–	29	1	3	7	2	2	14
bcIMC Realty Corporation										
130 Colonnade Road, Ottawa, Ontario	26	26	10	16	3	2	3	3	3	2
Beatty Street General Partnership										
Pivotal Building, 877 Expo Boulevard, Vancouver, British Columbia	20	20	6	14	2	2	2	2	2	4
BGV III Office Ottawa Inc										
2215 Gladwin Crescent Street, Ottawa, Ontario	21	15	1	14	3	3	3	3	2	–
Bona Building & Management Company Ltd										
155 McArthur Avenue, Ottawa, Ontario	30	19	5	14	4	4	4	2	–	–
333 and 335 North River Road, Ottawa, Ontario	99	73	22	51	12	12	12	12	3	–
BPO (Ontario Core) Ltd, Ontari Holdings Ltd and CREHOY Inc										
Jean Edmonds Building, North Tower, 300 Slater Street, Ottawa, Ontario	100	100	2	98	9	10	10	10	10	49
Jean Edmonds Building, South Tower, 365 Laurier Avenue West, Ottawa, Ontario	95	65	2	63	9	9	9	9	10	17
Place de Ville - Towers A, B and C, 320 Queen Street, Ottawa, Ontario	484	413	89	324	41	41	41	39	35	127
BPO Properties Ltd, HRI Exchange Inc and PFS Exchange Inc										
Exchange Tower, 130 King Street West, Toronto, Ontario	61	61	34	27	12	12	3	–	–	–
City Centre Equities Inc, c/o Harvard Developments Inc										
1870 Hamilton Street, Regina, Saskatchewan	26	26	7	19	3	2	3	2	3	6
Cominar Real Estate Investment Trust										
3400 Jean-Béraud Avenue, Laval, Quebec	40	40	10	30	4	4	4	4	4	10
Dream Office LP										
74 Victoria Street, Toronto, Ontario	21	21	3	18	7	7	4	–	–	–
T & T Towers, 340 and 350 - 3rd Avenue North, Saskatoon, Saskatchewan	11	11	–	11	2	3	2	3	1	–
Dundeal Canada West (GP) Inc										
Gallery Building, 4923 - 52nd Street, Yellowknife, Northwest Territories	25	25	12	13	2	2	2	2	3	2
GWL Realty Advisors Inc										
840 Howe Street, Vancouver, British Columbia	29	29	9	20	6	6	6	2	–	–
H&R Real Estate Investment Trust										
Place Bell, 160 Elgin Street, Ottawa, Ontario	75	75	57	18	8	4	3	3	–	–
Hantom Holdings Inc										
Urbandale Building, 100 Metcalfe Street, Ottawa, Ontario	11	11	–	11	1	2	2	2	2	2

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Huntingdon Capital Corp										
365 Hargrave Street, Winnipeg, Manitoba	15	15	1	14	2	1	2	1	2	6
Ivanhoe Cambridge II Inc										
4720 Kingsway, Burnaby, British Columbia	26	26	13	13	3	2	3	2	3	
Lord Realty Holdings Limited and Privest Properties Ltd										
555 West Hastings Street, Vancouver, British Columbia	29	29	2	27	3	3	3	3	3	12
Manulife 3250 Lapinière Property Inc										
3250 Lapinière Boulevard, Brossard, Québec	15	15	1	14	1	1	2	1	2	7
Manulife Ontario Property Portfolio Inc										
5343 and 5353 Dundas Street West, Toronto, Ontario	18	13	1	12	1	1	1	1	2	6
Minto Commercial Properties Inc										
180 Kent Street, Ottawa, Ontario	44	44	28	16	5	4	5	2		
Canada Building, 344 Slater Street and Enterprise Building, 427 Laurier Avenue West, Ottawa, Ontario	162	122	35	87	12	12	12	12	13	26
Morguard Investments Limited in trust										
Standard Life Centre, 280 Slater Street, Ottawa, Ontario	66	66	16	50	6	6	7	7	7	17
Morguard Investments Limited in trust for Cordova Equities Inc										
Standard Life Centre, 333 Laurier Avenue West, Ottawa, Ontario	61	61	50	11	7	3	1	—	—	—
Morguard Real Estate Investment Trust										
7575 - 8th Street North-East, Calgary, Alberta	30	30	6	24	3	3	3	3	3	9
Omers Realty Corporation and CPP Investment Board Real Estate Holdings Inc										
Constitution Square, 350-360 Albert Street, Ottawa, Ontario	94	94	39	55	9	10	10	10	10	6
OMNI Property Management Inc										
1611 Main Street, Vancouver, British Columbia	64	64	8	56	4	4	4	4	5	35
OPB (Centre 10) Inc										
517 - 10th Avenue South West, Calgary, Alberta	73	73	17	56	8	7	8	7	8	18
OPGI 1 Limited Partnership										
800 Burrard Street, Vancouver, British Columbia	41	41	23	18	8	8	2	—		—
Orlando Corporation										
5800 Hurontario Street, Mississauga, Ontario	62	62	33	29	6	6	6	7	4	—
Pacific Centre Leaseholds Limited										
701 Georgia Street West, Vancouver, British Columbia	33	33	21	12	3	3	3	3	—	—
Pensionfund Realty Limited										
59 Camelot Drive, Ottawa, Ontario	29	29	—	29	3	2	3	3	3	15
99 Metcalfe Street, Ottawa, Ontario	38	38	18	20	4	4	4	4	3	1
250 Albert Street, Ottawa, Ontario	51	51	39	12	5	5	2	—	—	
RIZE Alliance (Terminal Building) Inc										
Canada Revenue Agency Tax Services Office, 468 Terminal Avenue, Vancouver, British Columbia	75	75	—	75	—	5	5	5	5	55
SSQ, Life Insurance Company Inc										
1225 Saint-Charles Street West, Longueuil, Quebec	11	11	—	11	1	1	1	1	1	6
Station Lands Ltd										
Epcor Tower, 10423 - 101st Street, Edmonton, Alberta	75	75	34	41	7	7	8	7	8	4

Table 11.3
Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2016—*concluded*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2017	2018	2019	2020	2021	2022 and subsequent
Sun Life Assurance Company of Canada and Ontari Holdings Limited										
Sun Life Financial Centre, East Tower, 50 O'Connor Street, Ottawa, Ontario	71	53	1	52	5	5	5	5	5	27
Sun Life Assurance Company of Canada and SITQ National Inc										
1155 Metcalfe Street, Suite 55, Montréal, Quebec	18	18	5	13	2	2	2	2	2	3
Surrey CC Properties Inc										
13450 - 102nd Avenue, Surrey, British Columbia	30	30	1	29	3	3	3	3	2	15
The Great-West Life Assurance Company										
Centennial Towers, 200 Kent Street, Ottawa, Ontario	235	183	34	149	14	14	15	15	15	76
TNC 340 Laurier Ltd										
Sir Wilfrid Laurier Building, 340 Laurier Avenue West, Ottawa, Ontario	61	61	42	19	10	9	–	–	–	–
West Corr Holdings Ltd										
3427 Faithfull Avenue, Saskatoon, Saskatchewan	24	24	3	21	2	1	2	1	2	13
	3,048	*2,741*	*835*	*1,906*	*287*	*280*	*264*	*228*	*204*	*643*
Subtotal	3,666	3,359	1,120	2,239	314	297	283	245	223	877
Consolidated Crown Corporations and Other Entities										
Canada Council for the Arts										
Office accommodation, 150 Elgin Street, Ottawa, Ontario	*90*	*90*	*10*	*80*	*4*	*4*	*4*	*4*	*4*	*60*
Canadian Air Transport Security Authority										
Sun Life Assurance Company of Canada	*49*	*49*	*20*	*29*	*4*	*5*	*4*	*5*	*4*	*7*
Canadian Broadcasting Corporation										
Eurofax Properties	17	17	2	15	1	1	1	2	1	9
Morguard	144	144	84	60	7	8	7	8	8	22
	161	*161*	*86*	*75*	*8*	*9*	*8*	*10*	*9*	*31*
Canadian Commercial Corporation										
Office space	*38*	*38*	*13*	*25*	*1*	*1*	*2*	*1*	*2*	*18*
Canadian Museum of Immigration at Pier 21										
1055 Marginal Road, Halifax, Nova Scotia	*69*	*69*	*6*	*63*	*2*	*1*	*2*	*1*	*2*	*55*
International Development Research Centre										
Head office, 150 Kent Street, Ottawa, Ontario	*98*	*98*	*52*	*46*	*6*	*7*	*7*	*7*	*7*	*12*
Marine Atlantic Inc.										
MV Atlantic Vision	*38*	*38*	*17*	*21*	*13*	*8*	–	–	–	–
National Capital Commission										
Chambers Building, Ottawa, Ontario	*195*	*195*	*156*	*39*	*10*	*10*	*11*	*8*	–	–
VIA Rail Canada Inc.										
Canadian National Railways										
Montréal Central Station	104	104	88	16	6	6	4	–	–	–
City of Toronto										
Union Station	218	218	40	178	3	3	3	3	3	163
SITQ										
Place Ville Marie, Montréal	36	36	6	30	3	3	3	3	4	14
	358	*358*	*134*	*224*	*12*	*12*	*10*	*6*	*7*	*177*
Subtotal	1,096	1,096	494	602	60	57	48	42	35	360
Total operating leases	**4,762**	**4,455**	**1,614**	**2,841**	**374**	**354**	**331**	**287**	**258**	**1,237**
Grand total	**187,996**	**182,002**	**80,387**	**101,615**	**25,626**	**17,885**	**15,712**	**13,996**	**8,789**	**19,607**

[1] The amount disbursed relates to the reduction of contractual obligations for assets under construction through a public-private partnership arrangement.

[2] The amounts shown relate to a future capital lease obligation.

[3] The amounts shown relate to interest and executory costs associated with a future capital lease obligation.

International contractual obligations

Table 11.4 summarizes the international contractual obligations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary transfer payments, loans and advances and contractual obligations.

International contractual obligations reported in this table include transfer payments, and loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), if any, which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2016.

Table 11.4 presents information that is summarized in Note 17 to the consolidated financial statements in Section 2 of this volume.

Table 11.4
International contractual obligations

(in millions of dollars)[1]

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
Non-budgetary share capital and loans				
Foreign Affairs, Trade and Development				
African Development Bank	–		6	6
Inter-American Investment Corporation	–		83	83
	–		*89*	*89*
Budgetary transfer payments, loans and advances				
Environment				
Commission for Environmental Cooperation	4		–	4
United Nations Environment Programme				
Climate change and clean air	4	–	–	4
World Meteorological Organization	4	–	–	4
	12	–	–	*12*
Finance				
African Development Fund – Multilateral Debt Relief Initiative	402	–	–	402
International Development Association				
Multilateral Debt Relief Initiative	925	–	–	925
Subscriptions and contributions	441	–	–	441
	1,768		–	*1,768*
Foreign Affairs, Trade and Development				
Diplomacy, advocacy and international agreements	14	–	–	14
International Development	1,965	–	–	1,965
International Humanitarian Assistance	24	–	–	24
International Security and Democratic Development	124	–	–	124
United Nations Environment Programme	4			4
African Development Fund	–	103	–	103
Asian Development Fund	–	48	–	48
Caribbean Development Bank – Special Development Fund	–	17	–	17
Global Environment Facility Trust Fund	–	135	–	135
International Fund for Agricultural Development	–	25	–	25
Montreal Protocol Multilateral Fund	–	10	–	10
	2,131	*338*	–	*2,469*

Table 11.4
International contractual obligations—*concluded*

(in millions of dollars)[1]

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
Health				
Public Health Agency of Canada				
International Agency for Research on Cancer	1	–	–	1
Pan American Health Organization	14	–	–	14
	15	–	–	*15*
Innovation, Science and Economic Development				
Industry				
International Telecommunication Union	19	–	–	19
Canadian Space Agency				
European Space Agency	71	–	–	71
National Research Council of Canada				
Canada-France-Hawaii Telescope Corporation	22	–	–	22
SKA Organization	4	–	–	4
TMT International Observatory LLC	216	–	–	216
The National Science Foundation				
Atacama Large Millimetre/Submillimetre Array	11	–	–	11
Gemini Twin Telescope Project	34	–	–	34
	377	–	–	*377*
	4,303	*338*		*4,641*
Total	4,303	338	89	4,730

Note: Canada has agreed to lend the Poverty Reduction and Growth Trust special drawing rights (SDR) 1.2 billion of which SDR 700 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million, of which SDR 190 million has been paid-in.

[1] Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2016 ($1USD = $1.2987 CAD, 1SDR = $1.8296 CAD, 1 EUR = $1.4777 CAD).

Contingent liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. Contingent liabilities are recorded in the accounts when it becomes likely that a payment will be made and the amount of that payment can be reasonably estimated. The contingent liabilities of the Government are grouped into: guarantees provided by the Government, international organizations, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4 in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.8 of Section 9 of this volume.

Guarantees

Guarantees provided by the Government include:

- guarantees on the borrowings of enterprise Crown corporations and other government business enterprises;
- loan guarantees;
- insurance programs managed by the Government;
- other explicit guarantees.

Losses on guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the guarantee, loss experience and the use of other measurement techniques. Borrowings of enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.5 lists the outstanding guarantees and is summarized in Note 18 to the consolidated financial statements in Section 2 of this volume. The authorized limits indicated in Table 11.5 represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

Table 11.5
Guarantees provided by the Government as at March 31, 2016

(in millions of dollars)

	Authorized limit (where applicable)	Principal outstanding
Guaranteed borrowings of enterprise Crown corporations and other government business enterprises		
Agent enterprise Crown corporations		266,434 [1]
Other guarantees provided by the Government		
Loan guarantees		
Agriculture and Agri-Food		
Advance Payments Program—*Agricultural Marketing Programs Act*	5,000	1,165
Farm Improvement Loans Act and *Canadian Agricultural Loans Act*	3,000	104
Families, Children and Social Development		
Employment and Social Development		
Canada Student Loans Act	10,782	6
Indigenous and Northern Affairs		
Indian Affairs and Northern Development		
Indian Economic Development Guarantee Program	60	1
On-Reserve Housing Guarantee Program	2,200	
Canada Mortgage and Housing Corporation		1,431
Other approved lenders		352
Innovation, Science and Economic Development		
Industry		
Regional Aircraft Credit Facility	1,500	101
Small Business Loans Act	1,838	—[2]
Canada Small Business Financing Act	2,249	779
Capital Leasing Pilot Project	16	—[3]
Natural Resources		
Lower Churchill Hydro Electric Projects	6,300	3,550
Total—Loan guarantees	32,945	7,489
Insurance programs managed by the Government		
Canadian Heritage		
Canada Travelling Exhibitions Indemnification Act	3,000	—[3]
Finance		
Mortgage or Hypothecary Insurance Protection	300,000	215,713
Global Affairs		
Foreign Affairs, Trade and Development		
Accounts administered for the Government by Export Development Canada	20,000	155
Natural Resources		
Canadian Nuclear Safety Commission		
Nuclear Liability Reinsurance Account	1,275	713
Transport		
Aviation War Risks		—[3]
Total—Insurance programs managed by the Government	324,275	216,581
Other explicit guarantees		
Agriculture and Agri-Food		
National Biomass Ethanol Program	140	25
Price Pooling Program—*Agricultural Marketing Programs Act*		1
Consolidated Crown corporations		
VIA Rail Canada Inc.		
Letters of credit		27
Total—Other explicit guarantees	140	53
Total—Gross guarantees	357,360	490,557
Less: allowance for guarantees		312
Net exposure under guarantees		490,245

Note: This table excludes insurance programs operated by agent enterprise Crown corporations. Information on these programs is disclosed in Note 18 to the consolidated financial statements in Section 2 of this volume and additional information is provided in Table 11.7 of this section.

[1] Details can be found in Table 9.6, Section 9 of this volume.

[2] Less than $500,000.

[3] No principal amount outstanding.

Advance Payments Program—*Agricultural Marketing Programs Act*

The Advance Payments Program (APP) provides producers with a cash advance on the value of their agricultural products during a specified period. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates and issue producers a cash advance on the anticipated value of their farm product that is being produced or that is in storage. The maximum cash advance of the program is $0.4 million and the loans generally have a repayment term of 18-24 months.

Farm Improvement Loans Act and *Canadian Agricultural Loans Act*

The *Canadian Agricultural Loans Act* (CALA) program is a financial loan guarantee program that gives farmers easier access to credit. Farmers can use these loans to establish, improve, and develop farms; while Agricultural co-operatives may also access loans to process, distribute, or market the products of farming.

The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act* (FIMCLA) program, which has helped farming operations grow their businesses by guaranteeing loans issued through financial institutions since 1988.

Through the CALA, the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities. This program guarantees 95 per cent of the value of loans provided to farms and cooperatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Canadian Agricultural Loans Act* loan is $0.5 million. Most loans are repayable within ten years; for loans on land purchases, the repayment period is 15 years.

Canada Student Loans Act

Loans provided by financial institutions between 1964 and August 1995, under the *Canada Student Loans Act*, are fully guaranteed by Employment and Social Development (ESDC) to the lenders. ESDC reimburses the lenders for the outstanding principal, accrued interest and costs in the event of default, permanent disability or death of the borrower. ESDC bears all risks associated with guaranteed loans.

Indian Economic Development Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans for non-incorporated Indian businesses on a risk-sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long-term credit relationships with mainstream financial institutions.

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of Indian Affairs and Northern Development.

On-Reserve Housing Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

Loans under this program are issued by registered lending institutions and Canada Mortgage and Housing Corporation. Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks.

Regional Aircraft Credit Facility

The Regional Aircraft Credit Facility Program was established in 2004 to provide sales financing assistance in the form of loan guarantees to enable domestic air carriers to acquire Canadian-built fixed-wing commercial jets.

The guarantees are provided on commercial terms and are secured by the aircraft financed by private lenders. These guarantees have a life of 15 years. This program expired on March 31, 2008.

Small Business Loans Act and *Canada Small Business Financing Act*

The *Small Business Loans Act* (SBLA) includes loans registered until March 31, 1999 and the *Canada Small Business Financing Act* (CSBFA) includes both the core loans component (loans registered since April 1, 1999) and the Capital Leasing Pilot Project (leases registered between April 1, 2002 and March 31, 2007). In collaboration with financial institutions, the programs offered under these Acts are designed to help Canadian small and medium-sized enterprises (SMEs) get access to loan and capital leasing financing that would not otherwise have been available, or would only have been available under less favourable terms. In the event a registered loan or lease defaults, the Government pays 85 per cent of the net eligible losses. To be eligible, SMEs must be for-profit businesses with revenues not exceeding $5 million per year.

Lower Churchill Hydroelectric Projects

In 2011, the Government of Canada committed to providing a loan guarantee to support the Lower Churchill Hydroelectric Projects, including two projects sponsored by Nalcor Energy ((1) Muskrat Falls and Labrador Transmission Assets and (2) Labrador-Island Link) and one project sponsored by Emera Inc. (Maritime Link). The federal loan guarantee applied to the debt raised for the construction of these projects. Subsequent to signing of the Guarantee Agreements by the Minister of Natural Resources for the Muskrat Falls / Labrador Transmission Assets and for the Labrador Island Link, on December 13, 2013, the financing was completed for the Nalcor-led projects, raising $5 billion of guaranteed debt in the form of a bond financing. These bonds have a life varying from about 15 years to 40 years. After the Minister of Natural Resources signed the Guarantee Agreement for the Maritime Link on April 23, 2014, the bond financing was completed for the Maritime Link, raising $1.3 billion of guaranteed debt for a life of about 39 years. As of March 31, 2016, $3,549,839,354 of guaranteed debt has been released to the project entities. As per the terms of the bonds that were issued, initially, only interest payments are being made on the guaranteed debt. The commencement of principal payments on the guaranteed debt has been scheduled to coincide with the expected commissioning dates of the projects, with the schedule of these payments depending on the specific terms and conditions of each of the guaranteed bonds. Among the many safeguards put in place to protect Canada's interest, all of the project entities' shares, assets and agreements have been pledged as security to Canada.

Canada Travelling Exhibitions Indemnification Act

Pursuant to s. 3(1) of the *Canada Travelling Exhibitions Indemnification Act* (the Act) the Minister of Canadian Heritage is authorized to enter into indemnification agreements with owners of objects or appurtenances on loan to travelling exhibitions in Canada. Under the Act, maximum levels of liability are established including: no more than $600 million in respect of each travelling exhibition and; no more than $3 billion at any given time in respect of all traveling exhibitions. The Canada Travelling Exhibitions Indemnification Regulations set out specific requirements to be met when owners are seeking indemnification agreements with the Minister. The Regulations also set limitations on the scope of indemnity, establish deductibles, define maximums for and period of coverage, set requirements for condition reporting, outline a claims procedure and provide for dispute resolution, among other things. Applicants may include institutions organizing or participating in travelling exhibitions who apply on behalf of owners. Upon approval of an application by the Minister, the owner of an object or appurtenance included in the particular travelling exhibition may enter into an indemnification agreement with the Minister.

Mortgage or hypothecary insurance protection

The *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA) received Royal Assent on June 26, 2011 and came into force on January 1, 2013.

The PRMHIA authorizes the Minister of Finance to provide protection in respect of certain mortgage or hypothecary insurance contracts written by approved mortgage insurers. Under the PRMHIA, a payment in respect of this guarantee would only be made if a winding-up order were made in respect of an approved mortgage insurer that had written an insurance contract guaranteed under the PRMHIA. In that case, the Minister would honour lender claims for insured mortgages in default, subject to: *(1)* any proceeds the beneficiary has received from the underlying property or the insurer's liquidation, and *(2)* a deductible of 10 per cent of the original principal amount of the insured mortgage.

As at March 31, 2016, the aggregate outstanding principal amount of loans that are guaranteed under the PRMHIA is estimated at $242.5 billion ($205.8 billion in 2015). Any payment by the Minister is subject to a deductible equal to 10 per cent of the original principal amount of these loans, or $26.8 billion ($23.3 billion in 2015). The principal amount outstanding presented within Table 11.5 does not refer to anticipated losses or payments in respect of the guarantee. No provision has been made in these accounts for payments under the guarantee. As at March 31, 2016, there are two approved mortgage insurers under the PRMHIA: Genworth Financial Mortgage Insurance Company Canada, and Canada Guaranty Mortgage Insurance Company.

Accounts administered for the Government by Export Development Canada (EDC)

The Government of Canada has authorized support for insurance and guarantee programs which on the basis of EDC's risk management practices, could not be supported under EDC's Corporate Account but are in the national interest. Canada Account transactions consist of activities undertaken by EDC pursuant to Section 23 of the *Export Development Act*.

Nuclear Liability Reinsurance Account

Under the *Nuclear Liability Act* (NLA), operators of designated nuclear installations are required to possess basic or supplementary insurance of $75 million per installation for specified liabilities. The federal government has designated the Nuclear Insurance Association of Canada (NIAC) as the sole provider of third-party liability insurance and property insurance for the nuclear industry in Canada. The NIAC provides insurance to nuclear operators under a standard policy.

The policy consists of two types of coverage:

Coverage A and Coverage B. Coverage A includes only those risks that are accepted by the insurer; that is, bodily injury and property damage. Coverage B risks include personal injury that is not bodily; for example, psychological injury, damage arising from normal emissions, and damage due to acts of terrorism.

The NIAC receives premiums from operators for both coverages; however, premiums for Coverage B risks are remitted to the federal government, which reinsures these risks under its reinsurance agreement with the NIAC. Through the reinsurance agreement, the federal government assumes the liability associated with the difference between the basic insurance coverage provided by the NIAC and the full $75 million of liability imposed by the *NLA*, as well as for events listed under coverage B.

The Canadian Nuclear Safety Commission (CNSC) administers the Nuclear Liability Reinsurance Account on behalf of the federal government. The CNSC receives the premiums, paid by the operators of nuclear installations, for the supplementary insurance coverage and credits these to the Nuclear Liability Reinsurance Account in the Consolidated Revenue Fund.

Aviation war risks

The Aviation War Risk Liability Program's guarantee is a blanket indemnity to the air industry for any losses arising as a result of war risks causing personal injury or property damage to third parties. Under the current program, airlines and other stakeholders are responsible for obtaining a certain threshold of third party war risk liability insurance. The Government's indemnity covers the gap between the threshold amounts and the individual policy holder's general liability policy limit. There is neither specified amount, nor amount specifiable—any given claim is up to the level of the individual participants' general insurance policy and there is no limit on the number of claims that can be made. The guarantee is in effect until June 30, 2016.

National Biomass Ethanol Program

By Agreement dated March 30, 2001 (and amended in September 1, 2003), Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri-Food and Farm Credit Canada (FCC) entered into the National Biomass Ethanol Program (NBEP). The purpose of the program is to encourage new biomass fuel ethanol production in Canada. Guarantees are provided in relation to the Line of Credit Agreements entered into by Farm Credit Canada.

Price Pooling Program—*Agricultural Marketing Programs Act*

The Price Pooling Program (PPP) provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. Program participants use the price guarantee as security in obtaining credit from lending institutions. This credit allows the marketing agency to improve cash flow of producers through an initial payment for products delivered. It also provides equal returns to producers for products of like grades, varieties and types. This program is designed to assist and encourage cooperative marketing of eligible agricultural products, including processed products.

Letters of credit

VIA Rail Canada Inc. has issued letters of credit to various provincial government workers' compensation boards as security for future payment streams.

International organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.6 details the contingent liabilities for international organizations and is summarized in Note 18 to the consolidated financial statements in Section 2 of this volume.

Table 11.6
International organizations—Contingent liabilities

(in millions of dollars)[1]

	March 31, 2016	March 31, 2015
Non-budgetary share capital and loans		
Callable share capital		
Finance		
European Bank for Reconstruction and Development	1,193	1,100
International Bank for Reconstruction and Development (World Bank)	8,580	8,367
Multilateral Investment Guarantee Agency	59	58
	9,832	*9,525*
Global Affairs		
Foreign Affairs, Trade and Development		
African Development Bank	4,216	4,126
Asian Development Bank	8,264	8,060
Caribbean Development Bank	159	155
Inter-American Development Bank	8,570	8,735
	21,209	*21,076*
Total	31,041	30,601

[1] Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2016 ($1USD = $1.2987 CAD, 1SDR = $1.8296 CAD, 1 EUR = $1.4777 CAD).

Claims and pending and threatened litigation

Please refer to Note 18 to the consolidated financial statements in Section 2 of this volume for information on claims and pending and threatened litigation.

Insurance programs of agent enterprise Crown corporations

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, Export Development Canada and Farm Credit Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all four corporations will cover the cost of both current claims and possible future claims.

Information presented in Table 11.7 has not been audited. Additional financial information relating to these corporations may be found in the quarterly *Inventory of Government of Canada Organizations*. This information is also summarized in Note 18 to the consolidated financial statements in Section 2 of this volume.

Table 11.7
Summary of insurance programs of agent enterprise Crown corporations for the year ended March 31, 2016

(in millions of dollars)

	Canada Deposit Insurance Corporation[1]		Canada Mortgage and Housing Corporation[2]				Export Development Canada[3]		Farm Credit Canada[4]	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund					
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
Insurance in force as at reporting date	696,059	683,996	520,000	539,000	429,000	421,000	21,943	22,085	5,617	5,585
Opening balance of Fund	1,801	1,569	15,840	13,617	1,676	1,484	[3]	[3]	12	13
Revenues for the period										
Premiums and fees	361	279	1,585	1,662	279	247	197	195	25	24
Investment income	40	41	585	1,970	45	39	—	—	—	—
Other revenues	—	—	3	(4)	6	136	—	—	—	—
Total revenues	401	320	2,173	3,628	330	422	197	195	25	24
Expenses for the period										
Loss on/provision for claims	50	—	305	313	—	—	—	—	9	11
Interest on borrowing	—	—	—	—	—	126	—	—	—	—
Administrative expenses	40	38	222	248	32	32	—	—	7	6
Other expenses (includes taxes)	(4)	50	402	763	74	66	65	14	7	8
Total expenses	86	88	929	1,324	106	224	65	14	23	25
Net income or (loss) for the period	315	232	1,244	2,304	224	198	132	181	2	(1)
Adjustments	—	—	(14)	(81)	(2)	(6)	—	—	—	—
Closing balance of Fund	2,116	1,801	17,070	15,840	1,898	1,676	[3]	[3]	14	12
Net claims during the period[5]	*	*	364	410	*	*	124	70	10	11
Five year average of net claims paid	*	*	462	540	*	*	122	113	8	7

*Not applicable.

[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to $100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

[2] Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds.

The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as $1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as $1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of $217,392 million ($207,544 million in 2015) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

[3] Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is $520 million ($545 million in 2015).

[4] Farm Credit Canada sells group creditor life and accident insurance to its customers through a program administered by a major insurance provider.

[5] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

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Section 12

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